



**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

For the Fiscal Year Ended June 30, 2017

TOWN OF GREENEVILLE, TENNESSEE

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

For the Fiscal Year Ended June 30, 2017

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**INTRODUCTORY
SECTION**

TOWN OF GREENEVILLE, TENNESSEE
LIST OF ELECTED AND APPOINTED OFFICIALS
June 30, 2017

Town of Greeneville, Tennessee: Elected Officials

Mayor	W. T. Daniels
Alderman	Buddy Hawk
Alderman	Keith Paxton
Alderman	Jeffery D. Taylor
Alderman	Sarah Webster

Town of Greeneville, Tennessee: Officials

City Administrator	Todd Smith
Recorder/Finance Director	Carolyn Susong, CMFO
Assistant Finance Director	Brooke Davis, CPA, CMFO

Greeneville Light and Power System: Officials

General Manager	William Carroll
Controller	Paige Mengel

Greeneville Light and Power System: Board Members

Member	Sarah Webster, Chairman
Member	Sam Miller, Secretary
Member	Willie Anderson
Member	James Emory
Member	Shane Hite

Greeneville Water and Light Commission: Officials

Superintendent	Laura White
Controller	Kim Bowers

Greeneville Water and Light Commission: Board Members

Member	Brandon Hull
Member	Joe Waggoner
Member	Johnny Honeycutt

Greeneville Board of Education: Officials

Director of Schools	Dr. Jeffrey Moorhouse
Assistant Director of Schools for Instruction	Dr. Suzanne Bryant
Assistant Director of Schools for Administration	Beverly Miller

Greeneville Board of Education: Board Members

Member	Craig Ogle, Chairman
Member	Cindy Luttrell, Vice Chairman
Member	Jerry Anderson, Treasurer
Member	Dr. Craig Shepherd
Member	Brian Cook

**FINANCIAL
SECTION**

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor, Board of Aldermen,
Recorder and City Administrator
Greeneville, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Greeneville, Tennessee (the Town) as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents. We did not audit the financial statements of the Greeneville Board of Education, Greeneville Light and Power System, or Greeneville Water and Light Commission. The financial statements of the Greeneville Board of Education, which includes a major fund, represent approximately 18%, 18%, and 49% of the assets, fund balance and revenues, respectively, of the governmental funds. The Greeneville Light and Power System and the Greeneville Water and Light Commission represent 100% of the total business-type activities of the Town of Greeneville, Tennessee.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Greeneville Board of Education, Greeneville Light and Power System, or Greeneville Water and Light Commission. The financial statements of the Greeneville Board of Education represent 18%, 18% and 49%, respectively, of the assets, fund balance and revenues of the governmental funds. The Greeneville Light and Power System and the Greeneville Water and Light Commission represent 100% of the total business-type activities of the Town of Greeneville, Tennessee. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the governmental and business-type activities columns, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and the General Purpose School Fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of changes in net pension liability (asset) and related ratios based on participation in the public employee pension plans of TCRS, the schedules of contributions based on participation in the public employee pension plans of TCRS and the schedule of funding progress of other post-employment benefits other than pensions on pages 5 through 14, pages 109 through 117, and page 118, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, supplemental information section and other supplemental information section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplemental information section, including the schedule of expenditures of federal awards, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the supplemental information section, including the schedule of expenditures of federal awards, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and other supplemental information sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2018, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over the effectiveness of the Town's financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Blackburn, Childers + Steagall, PLLC

BLACKBURN, CHILDERS & STEAGALL, PLLC
Johnson City, Tennessee

March 23, 2018

TOWN OF GREENEVILLE, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

As management of the Town of Greeneville, Tennessee (the Town), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with the Town's financial statements, which follow this section.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$169,390,689 (net position). Of this amount, \$127,895,577 is invested in capital assets, \$2,230,963 is restricted, and \$39,264,149 may be used to meet the government's ongoing obligations to citizens and creditors (unrestricted net position).
- The Town's overall net position increased \$7,904,646 from the previous year, before a prior period restatement of \$68,006 (see Note 24). This increase is attributable to multiple factors, including a combined increase of approximately \$0.5 million in property, sales and other taxes and a combined increase of approximately \$7.4 million in proprietary fund operating revenues from the previous year.
- At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$20,914,211, an increase of \$2,287,340 from the prior year, before a prior period restatement of \$62,622 (see Note 24). Of this amount, \$179,596 is nonspendable, \$2,230,963 is restricted, \$169,691 is committed for specific purposes, and \$5,262,626 is assigned. The remaining amount of \$13,071,335 is unrestricted and available for spending at the discretion of the Town.
- At the close of the current fiscal year, the general fund reported a fund balance of \$14,095,401, or 52% of total general fund expenditures including transfers out. This balance includes \$122,362 of nonspendable funds, \$92,349 of restricted funds, \$169,691 committed for specific purposes, and \$2,423,064 assigned. The remaining amount of \$11,287,935 is unrestricted and available for spending at the discretion of the Town.
- The Town's total outstanding long-term debt increased by \$8,229,903 (21%) during the current fiscal year. This increase is attributable to the Town's issuance of additional debt on behalf of the Greeneville-Greene County Airport Authority and a net increase of approximately \$5,448,000 in the Town's net pension liability. Refer to Note 8 of the notes to the financial statements for additional detailed information.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Greeneville's financial statements. The basic financial statements consist of three parts: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

TOWN OF GREENEVILLE, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

Government-wide financial statements – The government-wide financial statements are designed to provide readers with both long-term and short-term information about the Town's overall financial status in a manner similar to a private-sector business.

There are two government-wide financial statements:

Statement of Net Position – presents information about the Town's assets, liabilities and deferred inflows / outflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

Statement of Activities – presents information showing how the Town's net position changed during the most recent fiscal year. All current year revenues and expenses are taken into account regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years (e.g., uncollected taxes and earned but unused vacation leave).

Both government-wide financial statements distinguish between functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, education, public safety, public works, health and welfare, community development, food service, public enterprises and other miscellaneous operating expenditures. The business-type activities include the Town's electric, water, and sewer operations. The Board of Education, although legally separate, functions as a department of the Town and therefore has been included as a governmental activity of the primary government.

The government-wide financial statements can be found beginning on page 15 of this report.

Fund financial statements – The fund financial statements provide more detailed information about the most significant funds – not the Town as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Greeneville, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental funds – The Town's basic services are included in governmental funds. The focus of these funds is on (1) how cash and other financial assets that can readily be converted to cash were received and used and (2) what remains at the end of the fiscal year for future spending. This detailed short-term view helps in determining whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs.

TOWN OF GREENEVILLE, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

Because this information does not include the additional long-term focus of the government-wide statements, we provide additional information after the governmental fund statement that explains the differences between the long-term view and the short-term view.

The Town of Greeneville maintains a general fund and multiple special revenue funds as governmental funds. Information is presented separately in the governmental fund statements for the general fund and the general purpose school fund since both of these are considered major funds. Data for the other funds is combined into a single column. Individual fund data for each of these nonmajor governmental funds (including the special revenue funds) is provided in the supplemental section of this report.

Budgetary comparisons for the general fund and the general purpose school fund are found in the fund financial statements section, and comparisons for the other governmental funds are provided in the supplementary information section of the report. Budgetary comparisons are provided to demonstrate compliance with the budget.

The governmental fund financial statements begin on page 18 of this report.

Proprietary funds – Services for which the Town charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. The Town of Greeneville maintains one type of proprietary fund: enterprise funds.

Enterprise funds are the same as business-type activities in the government-wide financial statements but provide more detail and additional information, such as cash flows. Greeneville Light and Power and Greeneville Water and Light Commission are both considered major funds.

The proprietary fund statements begin on page 30 of this report.

Notes to the financial statements – The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The additional information contained in these notes is essential to a full understanding of the information provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 35 of this report.

Other information – In addition to the basic financial statements discussed above, this report also presents required supplementary information about the Town's progress in funding its obligation to provide pension and OPEB benefits to its employees.

TOWN OF GREENEVILLE, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

The combining statements referred to earlier in connection with the nonmajor governmental funds and nonmajor special revenue funds are presented as supplemental information, as well as combining statements for the proprietary funds. The supplemental information also contains budget to actual comparisons for governmental funds other than the general fund and the general purpose school fund, as well as a number of schedules that provide additional detailed information about the operations of the Town.

Both the required and additional supplemental information can be found following the notes to the financial statements.

Financial Analysis of the Town as a Whole

Net Position

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$169,390,689 at the close of the most recent fiscal year. The largest portion of the Town's net position (76%) reflects its net investment in capital assets (land, building, equipment, etc.), less any related debt used to acquire those assets that is still outstanding. Because capital assets are used to provide services to citizens, the assets are not available for future spending. Although the Town's investment in capital assets is shown net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Approximately \$39 million of unrestricted net position may be used to meet the ongoing obligations of the Town. At the end of the fiscal year, the Town is able to report a positive balance in all categories of net position: for the government as a whole, as well as for its governmental activities and its business-type activities.

The following is a summary of financial position for the Town at June 30, 2017:

TOWN OF GREENEVILLE, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

Town of Greeneville's Net Position
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 35,729	32,488	49,126	50,213	84,855	82,701
Capital assets, net	<u>43,231</u>	<u>41,486</u>	<u>108,011</u>	<u>103,421</u>	<u>151,242</u>	<u>144,902</u>
Total assets	<u>78,960</u>	<u>73,974</u>	<u>157,137</u>	<u>153,634</u>	<u>236,097</u>	<u>227,608</u>
Deferred Outflows of Resources	8,111	3,094	2,804	1,323	10,915	4,417
Long term debt outstanding	31,903	25,366	16,953	14,774	48,856	40,140
Other liabilities	<u>3,392</u>	<u>2,865</u>	<u>12,757</u>	<u>12,852</u>	<u>16,149</u>	<u>15,717</u>
Total liabilities	<u>35,295</u>	<u>28,231</u>	<u>29,710</u>	<u>27,626</u>	<u>65,005</u>	<u>55,857</u>
Deferred Inflows of Resources	12,507	14,295	110	450	12,617	14,745
Net investment in capital assets	19,884	19,771	108,011	103,421	127,895	123,192
Restricted	2,231	2,172	-	-	2,231	2,172
Unrestricted	<u>17,154</u>	<u>12,599</u>	<u>22,110</u>	<u>23,460</u>	<u>39,264</u>	<u>36,059</u>
Total net position	\$ <u>39,269</u>	<u>34,542</u>	<u>130,121</u>	<u>126,881</u>	<u>169,390</u>	<u>161,423</u>

Changes in Net Position

Net position of the governmental activities of the Town was approximately \$39.2 million at the close of the current fiscal year. The increase in net position was attributable to an approximately \$0.5 million increase in property, sales and other tax revenue collections, as well as several operational and capital grant projects that were ongoing during the fiscal year. Of the Town's \$39.2 million governmental net position, \$19.8 million is invested in capital assets (buildings, land, equipment, etc.), \$2.2 million is restricted and \$17.1 million remains to meet the Town's ongoing obligations to citizens and creditors.

During the same period, the net position of the business-type activities was approximately \$130.1 million. The increase in net position was attributable to an approximately \$7.4 million increase in proprietary fund revenues. The Town generally can only use the net position of the business-type activities to finance the continuing operations of the Light and Power System and the Water and Light Commission.

The following is a summary of financial activities for the Town during the fiscal year ended June 30, 2017:

TOWN OF GREENEVILLE, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

Town of Greeneville's Changes in Net Position
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues						
Program revenues						
Charges for services	\$ 4,666	4,256	117,038	109,544	121,704	113,800
Grants and Contributions	22,754	21,167	545	1,669	23,299	22,836
General revenues						
Local taxes	24,451	23,933	-	-	24,451	23,933
Investment income	64	78	104	97	168	175
Gain on disposal	-	-	-	-	-	-
Miscellaneous	-	41	-	-	-	41
Total revenues	<u>51,935</u>	<u>49,475</u>	<u>117,687</u>	<u>111,310</u>	<u>169,622</u>	<u>160,785</u>
Expenses						
Governmental activities						
General government	1,357	1,571	-	-	1,357	1,571
Education	28,041	27,117	-	-	28,041	27,117
Public safety	5,907	5,311	-	-	5,907	5,311
Public works	3,678	3,608	-	-	3,678	3,608
Health and welfare	1,695	1,661	-	-	1,695	1,661
Community development	60	936	-	-	60	936
School nutrition	1,525	1,541	-	-	1,525	1,541
Public enterprises	1,419	30	-	-	1,419	30
Other	4,130	3,936	-	-	4,130	3,936
Interest	834	880	-	-	834	880
Business-type activities						
Light and Power System	-	-	105,012	98,175	105,012	98,175
Water and Light Commission	-	-	8,060	7,665	8,060	7,665
Total expenses	<u>48,646</u>	<u>46,591</u>	<u>113,072</u>	<u>105,840</u>	<u>161,718</u>	<u>152,431</u>
Excess (deficiency) before transfers	<u>3,289</u>	<u>2,884</u>	<u>4,615</u>	<u>5,470</u>	<u>7,904</u>	<u>8,354</u>
Transfers, net	<u>1,375</u>	<u>1,365</u>	<u>(1,375)</u>	<u>(1,365)</u>	<u>-</u>	<u>-</u>
Change in net position	<u>\$ 4,664</u>	<u>4,249</u>	<u>3,240</u>	<u>4,105</u>	<u>7,904</u>	<u>8,354</u>

Governmental Activities

Current fiscal year revenues, including net transfers, for the governmental activities of the Town were \$53.3 million, while the same period expenses were \$48.6 million, resulting in a net increase in net position of \$4.7 million. The largest sources of governmental activity revenue were operating grants and contributions and property taxes, and the single largest expense was education.

TOWN OF GREENEVILLE, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

Business-type Activities

Revenues for the business-type activities of the Town were \$117.6 million for the fiscal year, while the same period expenses, including net transfers, were \$114.4 million, resulting in a net increase in net position of \$3.2 million.

- The largest source of business-type activity revenue is generated from the Greeneville Light and Power System. During the current fiscal year, operating revenues were \$106.4 million, and operating expenses totaled \$104.1 million, resulting in net operating income of \$2.3 million.
- The Water and Light Commission is comprised of two operations: the water and the wastewater operations. During the current fiscal year, operating revenues were \$10.1 million, and operating expenses totaled \$8 million, resulting in net operating income of \$2.1 million.

Operating Revenues and Expenses - Business-Type Activities
(in thousands)

	Light and Power System		Water and Light Commission		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues	\$ 106,489	99,385	10,176	9,867	116,665	109,252
Expenses	<u>104,161</u>	<u>96,929</u>	<u>8,059</u>	<u>7,664</u>	<u>112,220</u>	<u>104,593</u>
Net operating income	\$ 2,328	2,456	2,117	2,203	4,445	4,659

Financial Analysis of the Town's funds

The Town uses fund accounting to help it control and manage money for particular purposes and to demonstrate compliance with legal requirements. More detailed analysis is provided below for the Town's funds.

Governmental Funds

Governmental funds focus on providing information on the near-term flow of resources. As the Town completed the year, its governmental funds reported a combined fund balance of \$20.9 million. Approximately 63% of this amount (\$13 million) constitutes unassigned fund balance, which is available for spending at the discretion of the Town. All of the governmental funds reported a positive ending fund balance. Information regarding the major governmental funds is presented in the following paragraph.

General Fund – The general fund is the chief operating fund of the Town. At the close of the current fiscal year, the general fund reported a total fund balance of \$14.1 million. Of this amount, \$11.3 million (or 80%) was unassigned. The general fund's fund balance increased \$2.3 million during the fiscal year.

**TOWN OF GREENEVILLE, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017**

**TOWN OF GREENEVILLE, TENNESSEE
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2017**

General Purpose School Fund – This fund is the operating fund of the Town of Greeneville Board of Education. At the end of the fiscal year, the general purpose school fund reported a total fund balance of \$3.5 million. Total fund balance of the general purpose school fund decreased \$8,241 during the fiscal year.

Proprietary Funds

As the Town completed the fiscal year, its proprietary funds, which include two enterprise funds, had a combined net position of \$130.1 million. Of this amount, \$22.1 million was available to meet on-going obligations (unrestricted), with the majority, \$108 million, invested in capital assets.

Light and Power System – At the close of the fiscal year, the Light and Power System reported a net position of \$87.1 million. Net position increased \$850,745 during the fiscal year.

Water and Light Commission – Net position of the Water and Light Commission increased \$2.4 million during the current fiscal year, resulting in total net position of \$42.9 million at the close of the fiscal year.

General Fund Budgetary Highlights

Original and Final Amended Budget Amounts – Differences between the original budget and final amended budget for the general fund represent a total increase in revenues, including other financing sources, of \$3,022,020, and a total increase in expenditures, including other financing uses, of \$2,055,768. The revenue amendments were largely attributable to the issuance of bonds, which was not originally budgeted, and greater than anticipated collections in property taxes and charges for services. The expenditure budget was also amended to reflect the bond issuance and to budget for originally unanticipated revenues set aside for future use.

Final Amended Budget and Actual Amounts – Differences between the final amended budget and actual results for the general fund represent a total favorable variance with the final budget of \$2,276,096. This variance is a net result of a favorable budget to actual difference in expenditures, including other financing uses, of \$79,446 and a favorable budget to actual difference in revenues, including other financing sources, of \$2,196,650. The favorable expenditure variance is attributable to the net effect of recording public safety capital equipment items that were received before year-end and not budgeted as an expenditure, combined with the favorable budget-to-actual difference realized from multiple Town departments effectively operating within and under their budgeted departmental expenditures. The favorable revenue variance resulted from actual local sales tax collections, state grant funds, and miscellaneous revenues totaling more than projected after amendment.

TOWN OF GREENEVILLE, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

Capital Asset and Debt Administration

Capital Assets

At the end of the current fiscal year, the Town had \$151.2 million (net of accumulated depreciation) invested in capital assets, including land and land rights, buildings and improvements, infrastructure, machinery and equipment, and furniture and fixtures. The following table shows the investment in capital assets by both governmental activities and business-type activities.

Town of Greeneville's Capital Assets
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land and land rights	\$ 4,359	4,359	2,428	2,382	6,787	6,741
Construction in progress	416	1,660	11,106	6,603	11,522	8,263
Buildings and improvements	66,375	65,080	39,772	37,907	106,147	102,987
Equipment	20,681	18,687	155,202	152,228	175,883	170,915
Infrastructure	50,315	47,669	-	-	50,315	47,669
Less accumulated depreciation	(98,915)	(95,969)	(100,497)	(95,699)	(199,412)	(191,668)
Total capital assets, net	\$ 43,231	41,486	108,011	103,421	151,242	144,907

Debt

At the end of the current fiscal year, the Town had \$48.9 million in long-term debt outstanding, an increase of \$8.2 million, or 21%, from the prior year. This increase is attributable to the Town's issuance of additional debt on behalf of the Greeneville-Greene County Airport Authority and a net increase of approximately \$5,448,000 in the Town's net pension liability. Refer to Note 8 of the notes to the financial statements for additional detailed information.

Town of Greeneville's Outstanding Debt
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
General obligation bonds	\$ 22,524	22,201	-	-	22,524	22,201
Compensated absences	679	664	1,148	1,060	1,827	1,724
Retirement incentive	244	221	-	-	244	221
Capital leases	1,572	-	-	-	1,572	-
TVA home insulation program	-	-	1,862	1,876	1,862	1,876
Due to TVA - unbilled power	-	-	1,096	1,216	1,096	1,216
Net other post employment benefits	292	134	8,207	7,471	8,499	7,605
Net pension liability	6,592	2,632	4,598	3,111	11,190	5,743
Due for easements	-	-	38	38	38	38
Other long-term liabilities	-	-	4	2	4	2
Total long-term debt	\$ 31,903	25,852	16,953	14,774	48,856	40,626

TOWN OF GREENEVILLE, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

During the current fiscal year, the Town of Greeneville was upgraded from an "A+" to an "AA-" rating from Standard & Poor's rating service for its general obligation debt.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Town of Greeneville, Recorder's Office, 200 North College Street, Greeneville, Tennessee 37745.

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
STATEMENT OF NET POSITION
June 30, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 8,731,725	26,327,403	35,059,128
Certificates of Deposit - Long-Term	8,003,916	6,540,600	14,544,516
Investments	-	83,558	83,558
Receivables (Net of Allowances for Uncollectible)			
Taxes	9,964,830	-	9,964,830
Accounts	359,758	10,209,025	10,568,783
Other	-	111,545	111,545
Due from Other Governments			
Notes	2,170,000	-	2,170,000
Other	3,734,803	277,846	4,012,649
Inventory	57,234	2,195,242	2,252,476
Prepaid Expenses	122,362	689,792	812,154
Restricted or Designated Assets			
Cash and Cash Equivalents	153,859	244,935	398,794
Self-Insurance Certificates of Deposit - Long-Term	2,407,710	-	2,407,710
Self-Insurance Investments	22,370	-	22,370
Industrial Park Fund Receivables	-	625,065	625,065
TVA Home Insulation Program Receivables	-	1,820,994	1,820,994
Capital Assets			
Land and Land Rights	4,359,206	2,428,464	6,787,670
Construction In Progress	416,321	11,106,585	11,522,906
Buildings and Improvements	66,375,478	39,771,691	106,147,169
Equipment, Vehicles, and Distribution Systems	20,681,301	155,201,576	175,882,877
Infrastructure	50,315,202	-	50,315,202
Less: Accumulated Depreciation	(98,915,734)	(100,497,019)	(199,412,753)
Total Assets	<u>78,960,341</u>	<u>157,137,302</u>	<u>236,097,643</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Capital Lease	748,127	-	748,127
Deferred Outflows Related to Pensions	7,363,549	2,803,812	10,167,361
Total Deferred Outflows of Resources	<u>8,111,676</u>	<u>2,803,812</u>	<u>10,915,488</u>

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
STATEMENT OF NET POSITION
June 30, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts Payable	1,175,094	1,610,076	2,785,170
Construction Bonds Held and Retainage Payable	-	158,366	158,366
Accrued Interest	83,771	-	83,771
Accrued Expenses	2,100,129	1,270,209	3,370,338
Due to TVA - Power	-	7,219,635	7,219,635
Due to Other Governments	33,037	-	33,037
Unearned Revenues	-	305,035	305,035
Customer Deposits	-	2,193,372	2,193,372
Noncurrent Liabilities			
Due Within One Year	2,092,712	387,177	2,479,889
Due In More Than One Year	29,810,423	16,565,874	46,376,297
Total Liabilities	35,295,166	29,709,744	65,004,910
DEFERRED INFLOWS OF RESOURCES			
Deferred Current Property Taxes	9,501,967	-	9,501,967
Deferred Inflows Related to Pensions	3,005,482	110,083	3,115,565
Total Deferred Inflows of Resources	12,507,449	110,083	12,617,532
NET POSITION			
Net Investment in Capital Assets	19,884,280	108,011,297	127,895,577
Restricted			
School Nutrition	316,336	-	316,336
Police SOF	4,253	-	4,253
Special Events	7,549	-	7,549
State Street Aid	1,822,278	-	1,822,278
Other	80,547	-	80,547
Unrestricted	17,154,159	22,109,990	39,264,149
TOTAL NET POSITION	\$ 39,269,402	130,121,287	169,390,689

The notes to the financial statements are an integral part of this statement.

TOWN OF GREENEVILLE, TENNESSEE
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2017

Functions/Programs	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental Activities							
General Government	\$ 1,356,689	455,220	3,550,635	-	2,649,166	-	2,649,166
Education	28,041,409	1,456,361	15,753,265	-	(10,831,783)	-	(10,831,783)
Public Safety	5,906,680	889,328	45,118	389,004	(4,583,230)	-	(4,583,230)
Public Works	3,678,438	1,193,780	416,892	975,397	(1,092,369)	-	(1,092,369)
Health and Welfare	1,695,678	162,685	82,573	417,286	(1,033,134)	-	(1,033,134)
Community Development	60,344	-	60,344	-	-	-	-
School Nutrition	1,524,496	508,333	1,063,857	-	47,694	-	47,694
Public Enterprises	1,418,865	-	-	-	(1,418,865)	-	(1,418,865)
Other	4,129,838	-	-	-	(4,129,838)	-	(4,129,838)
Interest	833,737	-	-	-	(833,737)	-	(833,737)
Total Governmental Activities	48,646,174	4,665,707	20,972,684	1,781,687	(21,226,096)	0	(21,226,096)
Business-Type Activities							
Light and Power System	105,011,757	106,861,729	-	272,596	-	2,122,568	2,122,568
Water and Light Commission	8,059,538	10,176,522	-	271,933	-	2,388,917	2,388,917
Total Business-Type Activities	113,071,295	117,038,251	0	544,529	0	4,511,485	4,511,485
Total Primary Government	161,717,469	121,703,958	20,972,684	2,326,216	(21,226,096)	4,511,485	(16,714,611)
General Revenues							
Taxes							
Property Taxes					15,320,116	-	15,320,116
Sales Taxes					7,327,186	-	7,327,186
Other Taxes					1,804,024	-	1,804,024
Unrestricted Investment Earnings					64,398	103,533	167,931
Transfers					1,374,860	(1,374,860)	-
Total General Revenues and Transfers					25,890,584	(1,271,327)	24,619,257
Change in Net Position					4,664,488	3,240,158	7,904,646
Net Position - Beginning					34,536,908	126,881,129	161,418,037
Prior Period Adjustment					68,006	-	68,006
Net Position - Beginning, Restated					34,604,914	126,881,129	161,486,043
Net Position - Ending					\$ 39,269,402	130,121,287	169,390,689

The notes to the financial statements are an integral part of this statement.

TOWN OF GREENEVILLE, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017

	General Fund	General Purpose School Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 991,542	4,411,426	3,328,757	8,731,725
Certificates of Deposit - Long-Term	7,805,941	-	197,975	8,003,916
Receivables (Net of Allowances for Uncollectible)				
Taxes	9,964,830	-	-	9,964,830
Accounts	203,968	30,347	125,443	359,758
Due From Other Governments				
Notes Receivable	2,170,000	-	-	2,170,000
Other	2,250,252	1,047,479	437,072	3,734,803
Inventories	-	-	57,234	57,234
Prepaid Expenses	122,362	-	-	122,362
Restricted Cash and Investments				
Cash and Cash Equivalents	153,859	-	-	153,859
Self-Insurance Certificates of Deposit - Long-Term	2,407,710	-	-	2,407,710
Self-Insurance Investments	22,370	-	-	22,370
TOTAL ASSETS	26,092,834	5,489,252	4,146,481	35,728,567
DEFERRED OUTFLOWS OF RESOURCES				
Deferred - Capital Lease	748,127	-	-	748,127
TOTAL DEFERRED OUTFLOWS OF RESOURCES	748,127	0	0	748,127
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 26,840,961	5,489,252	4,146,481	36,476,694
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 179,510	588,409	407,175	1,175,094
Accrued Expenses	278,790	1,441,054	380,285	2,100,129
Due to Other Governments	33,037	-	-	33,037
TOTAL LIABILITIES	491,337	2,029,463	787,460	3,308,260
DEFERRED INFLOWS OF RESOURCES				
Deferred - Current Property Taxes	9,501,967	-	-	9,501,967
Deferred - Notes Receivable	2,170,000	-	-	2,170,000
Unavailable Revenues	582,256	-	-	582,256
TOTAL DEFERRED INFLOWS OF RESOURCES	12,254,223	0	0	12,254,223
FUND BALANCES				
Nonspendable	122,362	-	57,234	179,596
Restricted	92,349	-	2,138,614	2,230,963
Committed	169,691	-	-	169,691
Assigned	2,423,064	1,676,389	1,163,173	5,262,626
Unassigned	11,287,935	1,783,400	-	13,071,335
TOTAL FUND BALANCES	14,095,401	3,459,789	3,359,021	20,914,211
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 26,840,961	5,489,252	4,146,481	36,476,694

The notes to the financial statements are an integral part of this statement.

**TOWN OF GREENEVILLE, TENNESSEE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2017**

Total Fund Balances - Governmental Funds	\$ 20,914,211
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and; therefore, are not reported as assets in governmental funds. The cost of the assets is \$142,147,508 including current contributed assets of \$386,560, and the accumulated depreciation is \$(98,915,734).	43,231,774
Tax, notes, and grant revenues not received during the period of availability are not considered "available" and are reported as deferred inflows in the funds.	2,752,256
Deferred inflows related to pensions of (\$3,005,482) and deferred outflows related to pensions of \$7,363,549, are not considered current and thus not recorded at the fund level.	4,358,067
Accrued interest is not due and payable in the current period and; therefore, is not reported as a liability in the funds.	(83,771)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	<u>(31,903,135)</u>
Total Net Position - Governmental Activities	<u><u>\$ 39,269,402</u></u>

The notes to the financial statements are an integral part of this statement.

TOWN OF GREENEVILLE, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2017

	General Fund	General Purpose School Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 18,595,634	5,911,343	-	24,506,977
Licenses and Permits	118,562	-	-	118,562
Intergovernmental	3,919,525	13,964,890	3,329,468	21,213,883
Charges for Services	1,262,343	636,725	1,737,070	3,636,138
Fines, Fees, and Costs	139,903	-	-	139,903
Investment Income	62,225	786	1,387	64,398
Other Revenues	-	740,810	30,294	771,104
TOTAL REVENUES	24,098,192	21,254,554	5,098,219	50,450,965
EXPENDITURES				
Current				
General Government	908,377	-	-	908,377
Education	-	25,652,607	1,883,163	27,535,770
Public Safety	5,388,157	-	-	5,388,157
Public Works	1,410,822	-	2,028,922	3,439,744
Health and Welfare	1,403,421	-	-	1,403,421
Community Development	-	-	60,344	60,344
School Nutrition	-	-	1,557,177	1,557,177
Public Enterprises	1,419,472	-	-	1,419,472
Other Operating Expenditures	4,129,838	-	-	4,129,838
Capital Outlay	3,367,315	872,703	500,000	4,740,018
Debt Service				
Principal	1,845,000	-	-	1,845,000
Interest and Fees	826,661	-	-	826,661
Issuance Costs	94,897	-	-	94,897
TOTAL EXPENDITURES	20,793,960	26,525,310	6,029,606	53,348,876
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,304,232	(5,270,756)	(931,387)	(2,897,911)
OTHER FINANCING SOURCES (USES)				
Insurance Recoveries	25,438	-	-	25,438
Proceeds from Sales of Assets	15,885	-	-	15,885
Re-Offering Premium	27,041	-	-	27,041
Bond Sales	2,170,000	-	-	2,170,000
Proceeds from Capital Lease	1,572,027	-	-	1,572,027
Transfers In	1,763,492	5,651,147	950,872	8,365,511
Transfers Out	(6,602,019)	(388,632)	-	(6,990,651)
TOTAL OTHER FINANCING SOURCES (USES)	(1,028,136)	5,262,515	950,872	5,185,251
NET CHANGE IN FUND BALANCES	2,276,096	(8,241)	19,485	2,287,340
FUND BALANCES - BEGINNING	11,819,305	3,468,030	3,276,914	18,564,249
Prior Period Adjustment	-	-	62,622	62,622
FUND BALANCES - BEGINNING - RESTATED	11,819,305	3,468,030	3,339,536	18,626,871
FUND BALANCES - ENDING	\$ 14,095,401	3,459,789	3,359,021	20,914,211

The notes to the financial statements are an integral part of this statement.

TOWN OF GREENEVILLE, TENNESSEE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2017

Total Net Change in Fund Balances – Governmental Funds	\$ 2,287,340
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay of \$5,126,578, including \$386,560 revenue from contributed capital assets not reported in governmental funds, exceeds depreciation expense of \$3,163,000.	1,963,578
Gain on sale of capital assets on the statement of activities are reported only to the extent of proceeds from sales, since depreciation is not reported in the governmental funds, and losses are reported as part of expenses by activity. This amount is the difference between the losses and proceeds reported.	(218,464)
Expenses on the statement of activities for accrued interest payable do not require the use of current financial resources. Therefore, it is not reported as an expenditure in the governmental funds. Accrued interest expense changed by this amount for the current year.	(8,202)
Expenses for compensated absences and retirement incentives do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds. Long-term debt related to compensated absences and retirement incentives changed by this amount for the current year.	(38,002)
Liabilities for other post-employment benefits (OPEB) are not reported in the governmental funds. Long-term debt related to OPEB changed by this amount for the current year.	(157,798)
Net adjustment for net pension liability and related deferred inflows and deferred outflows entries are not due and payable in the current period and, therefore, are not reported in the governmental funds.	1,634,103
The issuance of long-term debt (bonds, notes, and capital leases) provides current financial resources to the governmental funds but are considered additions to long-term liabilities in the statement of net position.	(3,742,027)
Governmental funds report the effect of premiums when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	3,127
Repayment of bond principals, note principals, and capital leases are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position.	1,845,000
Some property taxes and grants will not be collected for several months after the Town's fiscal year end, and therefore they are not considered "available" revenues and are deferred inflows in the governmental funds. Unearned tax and grant revenues increased by this amount for the current year.	1,095,833

Change in Net Position of Governmental Activities	\$ <u>4,664,488</u>
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The notes to the financial statements are an integral part of this statement.

TOWN OF GREENEVILLE, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts			Variance with Final Budget- Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Local Taxes				
General Property Taxes	\$ 9,287,163	9,408,868	9,386,035	(22,833)
Penalty and Interest	66,500	66,500	78,389	11,889
In Lieu of Tax	70,396	70,396	75,005	4,609
Local Sales Tax	7,173,193	7,213,193	7,327,186	113,993
Business Tax	505,000	562,000	577,354	15,354
Local Beer Tax	656,500	656,500	651,628	(4,872)
Local Liquor Tax	160,825	207,825	190,488	(17,337)
Franchise Taxes	295,214	275,214	289,454	14,240
Privilege Tax	6,000	6,000	6,805	805
Other Taxes	6,000	12,290	13,290	1,000
Total Local Taxes	18,226,791	18,478,786	18,595,634	116,848
Licenses and Permits				
On Premise License	5,600	5,600	5,950	350
Burn Permits	1,500	1,500	993	(507)
Building Permits	64,000	104,000	111,619	7,619
Total Licenses and Permits	71,100	111,100	118,562	7,462
Intergovernmental Revenues				
Mixed Drink Tax	68,662	61,162	65,457	4,295
In Lieu of Taxes - TVA	178,739	178,739	170,160	(8,579)
State Sales Tax	1,217,000	1,243,500	1,249,583	6,083
Income Tax	250,000	310,000	312,017	2,017
State Beer Tax	8,000	8,000	7,273	(727)
Excise Tax	47,800	77,800	78,442	642
Revenue Sharing	30,750	30,750	30,423	(327)
Senior Center - State Grant Funds	11,500	11,500	11,500	-
Senior Citizen Title III Grant Funds	36,800	30,800	31,073	273
State Grant Funds	1,590,536	1,612,785	1,828,735	215,950
Other	93,606	93,606	94,862	1,256
Greene County - Recreation	29,400	40,000	40,000	-
Total Intergovernmental Revenues	3,562,793	3,698,642	3,919,525	220,883

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts			Variance with Final Budget- Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES (CONTINUED)				
Charges for Services				
Building Department Fees	12,000	1,300	1,290	(10)
Sidewalks	-	22,000	23,816	1,816
Property Clean Up	500	500	2,255	1,755
Vendor Registration	875	875	2,665	1,790
Litigation and Court Costs	195,000	230,625	230,625	-
Driving School Fees	8,250	8,250	9,933	1,683
Drug Cash Forfeitures	-	-	3,972	3,972
Police and Fire	58,600	58,600	61,378	2,778
Fines, Fees and Costs	220,000	319,000	318,862	(138)
Outside Fire Protection	80,000	80,000	75,064	(4,936)
Cardboard Sales	45,000	63,100	63,096	(4)
Senior Center - State Transportation Funds	500	500	785	285
Senior Center	13,000	13,000	11,997	(1,003)
Miscellaneous	33,200	224,211	446,605	222,394
Senior Center - County	-	10,000	10,000	-
Total Charges for Services	666,925	1,031,961	1,262,343	230,382
Fines, Fees and Costs				
Recreation - Swimming Pools	17,000	25,100	25,092	(8)
Recreation - League Entry Fees	39,000	35,000	34,993	(7)
Recreation - Registration Fees	8,000	8,000	13,590	5,590
Recreation - Concessions	7,500	7,500	9,867	2,367
Recreation - Games	17,000	22,000	22,527	527
Recreation - Rentals	14,500	14,500	15,966	1,466
Recreation - Special Events	5,500	5,500	7,565	2,065
Recreation - Miscellaneous	3,000	6,000	10,303	4,303
Total Fines, Fees and Costs	111,500	123,600	139,903	16,303
Investment Income				
Interest	61,500	61,500	62,225	725
Total Investment Income	61,500	61,500	62,225	725
TOTAL REVENUES	22,700,609	23,505,589	24,098,192	592,603

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts			Variance with Final Budget- Favorable (Unfavorable)
	Original	Final	Actual	
EXPENDITURES				
General Government				
Mayor and Aldermen	34,212	34,212	31,421	2,791
City Judge	6,500	6,500	5,500	1,000
Administrator	211,133	215,133	213,791	1,342
Election Commission	14,000	-	-	-
Recorder	375,498	380,938	375,652	5,286
Human Resources	98,654	100,654	88,200	12,454
Planning Commission	50,404	50,404	46,433	3,971
Civil Service Board	8,000	8,000	4,479	3,521
Other General Government	95,874	151,303	142,901	8,402
Capital Outlay	17,116	17,116	17,116	-
Total General Government	911,391	964,260	925,493	38,767
Public Safety				
Police Department	3,024,788	2,967,926	2,941,258	26,668
Fire Department	2,369,370	2,299,925	2,258,160	41,765
Building Inspector	129,517	113,517	106,043	7,474
Other Public Safety	87,371	87,371	82,696	4,675
Capital Outlay	153,153	273,230	1,117,916	(844,686)
Total Public Safety	5,764,199	5,741,969	6,506,073	(764,104)
Public Works				
Street Repair	694,465	987,326	979,964	7,362
Street Lighting	366,500	366,500	368,731	(2,231)
Town Hall	75,800	63,800	62,127	1,673
Capital Outlay	2,100,675	1,495,814	1,494,431	1,383
Total Public Works	3,237,440	2,913,440	2,905,253	8,187

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
EXPENDITURES (CONTINUED)				
Health and Welfare				
Neighborhood	15,250	15,250	11,207	4,043
Roby Center	241,242	211,242	199,939	11,303
General Recreation	304,949	322,949	311,353	11,596
Pools	84,400	57,400	50,563	6,837
Ball Programs	205,300	184,300	179,594	4,706
Building and Grounds Maintenance	449,254	425,854	416,407	9,447
Other Health and Welfare	256,319	231,319	234,358	(3,039)
Capital Outlay	797,442	732,042	737,852	(5,810)
Total Health and Welfare	2,354,156	2,180,356	2,141,273	39,083
Public Enterprises				
Airport	75,380	1,419,472	1,419,472	-
Total Public Enterprises	75,380	1,419,472	1,419,472	0
Other Operating Expenditures				
Economic Development Assistance -				
Grants and Contributions	15,000	-	-	-
Expenditure Reserve	-	772,317	-	772,317
Social Security	498,500	478,500	478,131	369
Retirement	1,263,955	1,074,955	1,074,373	582
Insurance	520,000	602,500	598,080	4,420
Medicare Supplement	10,200	10,200	9,900	300
Medical Insurance	1,800,000	1,825,000	1,842,541	(17,541)
Clerk and Master Fees	4,000	4,000	6,246	(2,246)
Contingencies	2,000	2,000	652	1,348
Chamber of Commerce	10,227	10,227	9,700	527
Industrial Board	72,298	72,298	72,298	-
Junior Achievement Board	1,000	1,000	1,000	-
Unemployment Compensation	300	300	(112)	412
Main Street - Greeneville	37,000	37,000	37,029	(29)
Total Other Operating Expenditures	4,234,480	4,890,297	4,129,838	760,459

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
EXPENDITURES (CONTINUED)				
Debt Service				
Principal	1,295,000	1,845,000	1,845,000	-
Interest	815,156	824,279	825,535	(1,256)
Fees	3,000	1,897	1,126	771
Issuance Costs	-	95,000	94,897	103
Total Debt Service	2,113,156	2,766,176	2,766,558	(382)
TOTAL EXPENDITURES	18,690,202	20,875,970	20,793,960	82,010
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,010,407	2,629,619	3,304,232	674,613
OTHER FINANCING SOURCES (USES)				
Insurance Recoveries	8,000	28,000	25,438	(2,562)
Proceeds from Sales of Assets	10,000	10,000	15,885	5,885
Re-Offering Premium	-	27,040	27,041	1
Bond Sales	-	2,170,000	2,170,000	-
Proceeds from Capital Lease	-	-	1,572,027	1,572,027
Transfers In	1,734,796	1,734,796	1,763,492	28,696
Transfers Out	(6,729,455)	(6,599,455)	(6,602,019)	(2,564)
TOTAL OTHER FINANCING SOURCES (USES)	(4,976,659)	(2,629,619)	(1,028,136)	1,601,483
NET CHANGE IN FUND BALANCE	(966,252)	-	2,276,096	2,276,096
FUND BALANCE - BEGINNING	11,819,305	11,819,305	11,819,305	-
FUND BALANCE - ENDING	\$ 10,853,053	11,819,305	14,095,401	2,276,096

The notes to the financial statements are an integral part of this statement.

TOWN OF GREENEVILLE, TENNESSEE
GENERAL PURPOSE SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts			Variance with Final Budget- Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
State Education Funds	\$ 13,847,495	13,906,495	13,912,775	6,280
Federal Funds through State	50,000	50,000	-	(50,000)
Direct Federal Funds	103,229	103,229	52,115	(51,114)
Local Taxes	5,855,709	5,980,734	5,911,343	(69,391)
Charges for Services	661,439	661,439	636,725	(24,714)
Investment Income	960	960	786	(174)
Other Local Revenue	334,661	545,341	740,810	195,469
TOTAL REVENUES (SEE NOTES 1 AND 2)	20,853,493	21,248,198	21,254,554	6,356
EXPENDITURES				
Instruction				
Salaries	12,591,085	12,361,465	12,413,256	(51,791)
Employee Benefits	4,025,254	3,969,254	4,072,302	(103,048)
Contracted Services	316,012	317,156	287,444	29,712
Fee Waivers	25,001	25,001	25,000	1
Equipment	330,663	357,195	285,841	71,354
Materials and Supplies	296,255	274,588	301,723	(27,135)
Textbooks	191,250	71,250	73,129	(1,879)
Staff Development	137,241	150,998	178,948	(27,950)
Travel	27,400	27,400	8,956	18,444
Other	40,471	45,171	35,703	9,468
Total Instruction	17,980,632	17,599,478	17,682,302	(82,824)
Technology - Equipment	302,020	465,426	395,294	70,132
Greene Technology Center	111,365	111,365	111,365	-
Student Support Services				
Salaries	674,062	674,062	722,427	(48,365)
Employee Benefits	215,647	215,647	211,974	3,673
Evaluation and Testing	80,972	83,275	80,083	3,192
Total Student Support Services	970,681	972,984	1,014,484	(41,500)

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
GENERAL PURPOSE SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts			Variance with Final Budget- Favorable (Unfavorable)
	Original	Final	Actual	
EXPENDITURES (CONTINUED)				
Board of Education				
Insurance	174,400	174,400	141,692	32,708
Audit and Legal Services	55,100	59,100	61,519	(2,419)
Contracted Services	40,000	40,000	26,320	13,680
Trustee Commissions	94,664	94,664	88,301	6,363
Travel	2,415	2,415	600	1,815
Dues and Memberships	12,185	12,185	12,430	(245)
Other	36,259	36,259	26,281	9,978
Total Board of Education	415,023	419,023	357,143	61,880
Administration				
Salaries	1,571,096	1,571,096	1,554,559	16,537
Employee Benefits	441,834	441,834	436,464	5,370
Contracted Services	54,714	54,714	39,166	15,548
Equipment	5,500	5,500	1,327	4,173
Materials and Supplies	19,164	19,164	16,814	2,350
Communications	72,500	72,500	73,744	(1,244)
Travel	2,500	2,500	1,329	1,171
Dues and Memberships	5,695	5,695	5,538	157
Other	73,645	101,427	70,742	30,685
Total Administration	2,246,648	2,274,430	2,199,683	74,747
Transportation				
Salaries	225,591	225,591	239,554	(13,963)
Employee Benefits	133,666	133,666	119,511	14,155
Contracted Services	82,901	82,901	87,397	(4,496)
Materials and Supplies	269,922	269,922	203,327	66,595
Maintenance and Repairs	10,500	33,831	39,294	(5,463)
Other	10,000	10,000	7,351	2,649
Total Transportation	732,580	755,911	696,434	59,477
Health				
Salaries	201,262	201,262	149,868	51,394
Employee Benefits	98,323	98,323	98,032	291
Contracted Services	77,867	77,867	55,010	22,857
Materials and Supplies	36,600	36,600	46,794	(10,194)
Travel	900	900	83	817
Other	2,863	2,863	3,509	(646)
Total Health	417,815	417,815	353,296	64,519

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
GENERAL PURPOSE SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts			Variance with Final Budget- Favorable (Unfavorable)
	Original	Final	Actual	
EXPENDITURES (CONTINUED)				
Maintenance and Operations				
Salaries	928,197	928,197	898,948	29,249
Employee Benefits	425,234	425,234	415,596	9,638
Insurance	139,757	139,757	126,125	13,632
Contracted Services	104,500	104,500	79,256	25,244
Equipment	3,000	3,000	17,417	(14,417)
Utilities	765,945	750,945	667,851	83,094
Materials and Supplies	74,700	74,700	78,229	(3,529)
Maintenance and Repairs	299,500	340,709	335,425	5,284
Communications	4,000	4,000	3,549	451
Building Improvements	250,000	1,422,387	970,034	452,353
Capital Funds to Town	343,785	358,785	111,000	247,785
Other	16,148	16,148	11,879	4,269
Total Maintenance and Repairs	<u>3,354,766</u>	<u>4,568,362</u>	<u>3,715,309</u>	<u>853,053</u>
TOTAL EXPENDITURES (SEE NOTES 1 AND 2)	<u>26,531,530</u>	<u>27,584,794</u>	<u>26,525,310</u>	<u>1,059,484</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(5,678,037)</u>	<u>(6,336,596)</u>	<u>(5,270,756)</u>	<u>1,065,840</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	5,772,111	5,772,111	5,651,147	(120,964)
Operating Transfers Out	<u>(144,700)</u>	<u>(144,700)</u>	<u>(388,632)</u>	<u>(243,932)</u>
TOTAL OTHER FINANCING SOURCES (USES) (SEE NOTES 1 AND 2)	<u>5,627,411</u>	<u>5,627,411</u>	<u>5,262,515</u>	<u>(364,896)</u>
NET CHANGE IN FUND BALANCE	(50,626)	(709,185)	(8,241)	700,944
FUND BALANCE - BEGINNING	<u>3,468,030</u>	<u>3,468,030</u>	<u>3,468,030</u>	<u>0</u>
FUND BALANCES - ENDING	<u>\$ 3,417,404</u>	<u>2,758,845</u>	<u>3,459,789</u>	<u>700,944</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF GREENEVILLE, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2017

	Business - Type Activities - Enterprise Funds		
	Light and Power System	Water and Light Commission	Total Enterprise Funds
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 11,189,124	14,933,891	26,123,015
Cash - Construction Account	-	204,388	204,388
Accounts and Other Receivables, Net	6,993,793	914,543	7,908,336
Unbilled Revenue Receivable	2,412,234	-	2,412,234
Due from Other Governments	-	277,846	277,846
Inventory - Materials and Supplies	1,803,244	391,998	2,195,242
Prepaid Expenses and Other Assets	485,712	204,080	689,792
Investments	-	83,558	83,558
Total Current Assets	22,884,107	17,010,304	39,894,411
Noncurrent Assets			
Certificates of Deposit - Long-Term	6,540,600	-	6,540,600
Designated Assets			
Industrial Park Fund: Cash	244,935	-	244,935
Industrial Park Fund: Receivables	625,065	-	625,065
TVA Home Insulation Program Receivable	1,820,994	-	1,820,994
Total Designated Assets	2,690,994	0	2,690,994
Capital Assets			
Land and Land Rights	1,697,710	730,754	2,428,464
Construction in Progress	7,347,651	3,758,934	11,106,585
Buildings and Improvements	2,889,781	36,881,910	39,771,691
Equipment, Vehicles, and Distribution Systems	133,829,464	21,372,112	155,201,576
Less: Accumulated Depreciation	(65,260,529)	(35,236,490)	(100,497,019)
Net Capital Assets	80,504,077	27,507,220	108,011,297
Total Noncurrent Assets	89,735,671	27,507,220	117,242,891
TOTAL ASSETS	112,619,778	44,517,524	157,137,302
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	2,143,545	660,267	2,803,812

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2017

	Business - Type Activities - Enterprise Funds		
	Light and Power System	Water and Light Commission	Total Enterprise Funds
TOTAL LIABILITIES			
Current Liabilities, Payable from Current Assets			
Accounts Payable	1,171,730	188,542	1,360,272
Accrued Tree Trimming Expense	618,691	-	618,691
Accrued Sales Tax	-	22,552	22,552
Accrued Wages and Other Accrued Expenses	607,232	21,734	628,966
Due to TVA - Power	7,219,635	-	7,219,635
Due to TVA - Unbilled Power, Current Portion	120,000	-	120,000
Accrued Compensated Absences, Current Portion	-	267,177	267,177
Total Current Liabilities, Payable from Current Assets	<u>9,737,288</u>	<u>500,005</u>	<u>10,237,293</u>
Current Liabilities, Payable from Designated Assets			
Accounts Payable, Construction Funds	-	249,804	249,804
Retainage Payable, Construction Funds	-	158,366	158,366
Total Current Liabilities, Payable from Designated Assets	<u>0</u>	<u>408,170</u>	<u>408,170</u>
Long-Term Liabilities			
Unearned Revenues - Pole Rentals	305,035	-	305,035
Customer Deposits	1,865,148	328,224	2,193,372
Accrued Compensated Absences, Net of Current Portion	880,441	-	880,441
Net Pension Liability	3,773,422	824,417	4,597,839
Net OPEB Obligation	8,207,833	-	8,207,833
Due to TVA - Unbilled Power	975,639	-	975,639
TVA Home Insulation Program	1,861,680	-	1,861,680
Amounts Due for Easements Purchased	-	38,375	38,375
Other Long-Term Liabilities	-	4,067	4,067
Total Long-Term Liabilities	<u>17,869,198</u>	<u>1,195,083</u>	<u>19,064,281</u>
TOTAL LIABILITIES	<u>27,606,486</u>	<u>2,103,258</u>	<u>29,709,744</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	-	110,083	110,083
NET POSITION			
Investment in Capital Assets	80,504,077	27,507,220	108,011,297
Unrestricted	<u>6,652,760</u>	<u>15,457,230</u>	<u>22,109,990</u>
TOTAL NET POSITION	<u>\$ 87,156,837</u>	<u>42,964,450</u>	<u>130,121,287</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF GREENEVILLE, TENNESSEE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2017

	Business - Type Activities - Enterprise Funds		
	Light and Power System	Water and Light Commission	Total Enterprise Funds
OPERATING REVENUES			
Charges for Services	\$ 106,488,776	10,176,522	116,665,298
TOTAL OPERATING REVENUES	106,488,776	10,176,522	116,665,298
OPERATING EXPENSES			
Purchased Power	85,278,312	-	85,278,312
Purification and Treatment	-	1,959,596	1,959,596
Sewer Mains	-	244,476	244,476
Power and Pumping	-	804,713	804,713
Maintenance	4,827,071	193,030	5,020,101
Distribution Expense	4,708,737	707,122	5,415,859
Depreciation	4,404,267	1,504,979	5,909,246
Customer Accounts Expense	2,392,901	338,634	2,731,535
General and Administrative Expense	2,050,969	2,245,244	4,296,213
Sales Expense	84,703	-	84,703
Transmission Expense	14,652	-	14,652
Other	399,153	61,744	460,897
TOTAL OPERATING EXPENSES	104,160,765	8,059,538	112,220,303
OPERATING INCOME (LOSS)	2,328,011	2,116,984	4,444,995
NONOPERATING REVENUES (EXPENSES)			
Investment Income	103,037	496	103,533
Intergovernmental	-	271,933	271,933
Revenue (Expense) from Merchandising, Jobbing, and Contract Work, Net (Sales \$372,953)	(108,798)	-	(108,798)
Interest Expense	(4,328)	-	(4,328)
Gain (Loss) on Disposal	(92,317)	-	(92,317)
TOTAL NONOPERATING REVENUES (EXPENSES)	(102,406)	272,429	170,023
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	2,225,605	2,389,413	4,615,018
CAPITAL CONTRIBUTIONS AND TRANSFERS			
Contributions in Aid of Construction	272,596	-	272,596
Reduction of Plant Costs Recovered Through Contributions in Aid of Construction	(272,596)	-	(272,596)
Transfers Out - Payments in Lieu of Tax	(1,374,860)	-	(1,374,860)
TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS	(1,374,860)	0	(1,374,860)
CHANGE IN NET POSITION	850,745	2,389,413	3,240,158
NET POSITION - BEGINNING	86,306,092	40,575,037	126,881,129
NET POSITION - ENDING	\$ 87,156,837	42,964,450	130,121,287

The notes to the financial statements are an integral part of this statement.

TOWN OF GREENEVILLE, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2017

	Business-Type Activities - Enterprise Funds		
	Light and Power System	Water and Light Commission	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received From Customers	\$ 107,051,962	10,250,791	117,302,753
Cash Payments to Suppliers for Goods and Services	(92,547,944)	(4,606,134)	(97,154,078)
Cash Payments to Employees for Services	(6,488,255)	(2,168,982)	(8,657,237)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	8,015,763	3,475,675	11,491,438
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers in Lieu of Taxes	(1,374,860)	-	(1,374,860)
Interest Paid	(4,328)	-	(4,328)
(Increase) Decrease in Home Insulation Program Receivables	5,445	-	5,445
Increase (Decrease) in Home Insulation Program Liabilities	(14,243)	-	(14,243)
NET CASH PROVIDED BY (USED FOR) NON-CAPITAL FINANCING ACTIVITIES	(1,387,986)	0	(1,387,986)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and Construction of Capital Assets	(7,669,395)	(3,106,054)	(10,775,449)
Proceeds from Sale of Capital Assets	159,497	-	159,497
Excess Removal Cost of Plant	(148,975)	-	(148,975)
Grants from Federal and State Sources	-	271,933	271,933
Revenue (Expense) from Merchandising, Jobbing, and Other	(108,798)	-	(108,798)
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(7,767,671)	(2,834,121)	(10,601,792)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	103,037	251	103,288
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	103,037	251	103,288
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,036,857)	641,805	(395,052)
CASH AND CASH EQUIVALENTS - BEGINNING	12,470,916	14,496,474	26,967,390
CASH AND CASH EQUIVALENTS - ENDING	\$ 11,434,059	15,138,279	26,572,338

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2017

	Business-Type Activities - Enterprise Funds		
	Light and Power System	Water and Light Commission	Total Enterprise Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
OPERATING INCOME (LOSS)	\$ 2,328,011	2,116,984	4,444,995
Depreciation	4,823,312	1,504,979	6,328,291
Provision for Bad Debts	3,030	5,444	8,474
(Increase) Decrease in			
Accounts and Other Receivables, Net, and			
Due from Other Governments	(454,348)	68,825	(385,523)
Unbilled Revenue Receivable	533,603	-	533,603
Inventory - Materials and Supplies	65,181	(25,854)	39,327
Prepaid Expenses and Other Assets	245,131	(721)	244,410
Deferred Outflows Related to Pensions	(1,119,245)	(361,170)	(1,480,415)
Increase (Decrease) in			
Accounts Payable, Construction and Retainage	(353,552)	(1,718)	(355,270)
Due to TVA	102,428	-	102,428
Other Accrued Liabilities	915,745	(63,826)	851,919
Customer Deposits	4,304	7,645	11,949
Net Pension Liability	1,123,941	363,099	1,487,040
Deferred Inflows Related to Pensions	(201,778)	(138,012)	(339,790)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ 8,015,763</u>	<u>3,475,675</u>	<u>11,491,438</u>

The Cash and Cash Equivalents are classified on the Statement of Net Position as the following:

Cash and Cash Equivalents	\$ 11,189,124	14,933,891	26,123,015
Cash - Construction Account	-	204,388	204,388
Designated - Industrial Park: Cash	<u>244,935</u>	<u>-</u>	<u>244,935</u>
Total Cash and Cash Equivalents	<u>\$ 11,434,059</u>	<u>15,138,279</u>	<u>26,572,338</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Greeneville, Tennessee (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

The Town is a municipal corporation governed by a Mayor and Alderman form of government. As required by accounting principles generally accepted in the United States of America, these financial statements present the Town and its special revenue and enterprise fund types.

The Town was incorporated in 1903 under the provisions of the State of Tennessee and operates under a Council/Administrator form of government. It has the usual corporate powers of municipalities including taxation, entering into contracts, and issuing bonds. The following services are authorized by Charter: Public Safety (Police and Fire), Public Works, Public Welfare, Public Utilities, Education, Planning and Zoning, and general administrative duties.

The Town, for financial statement purposes, includes all of the funds relevant to the operations of the Town. The financial statements presented herein do not include agencies that have been formed under applicable state laws as separate and distinct units of government apart from the Town.

As required by accounting principles generally accepted in the United States of America, these financial statements present the Town and its special revenue and enterprise fund types. The Town of Greeneville Board of Education, Greeneville Water and Light Commission, and Greeneville Light and Power System are included in the Town's reporting entity because of the significance of their operational or financial relationships with the Town.

The Town of Greeneville Board of Education – Members of the Town of Greeneville Board of Education (Board of Education), which are elected officials, approve its budgets including funding for the operation of the schools. The operations of the Board of Education are reported in the General Purpose School, Federal Projects, School Nutrition, and Extended School Program Funds, which are special revenue funds.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

Greeneville Light and Power System and Greeneville Water and Light Commission – The Town’s Mayor and Board of Aldermen appoint the board members of the Greeneville Light and Power System (Light and Power System or the System). Commissioners of the Greeneville Water and Light Commission (Water and Light Commission) are elected officials. Neither of these entities can issue bonded debt without the approval of the Mayor and Board of Aldermen. Operations of the electrical system are reported in the Light and Power System, and operations of the water and wastewater systems are reported in the Water and Light Commission, both of which are enterprise funds.

Individual Component Unit Disclosures

In evaluating how to define the government, for financial reporting purposes, the Town management has considered all potential component units. A component unit is an organization for which the Town is financially accountable, or for which the nature and significance of their relationship with the Town is such that exclusion from the Town’s financial statements would cause them to be misleading or incomplete. The decision to include a potential component unit in the reporting entity was made by applying the criteria as set forth by GASB. The Town is financially accountable if it appoints a voting majority of the organization’s governing body and it is able to impose its will on the organization or there is a potential for the entity to provide specific financial benefit to or impose specific financial burden on the Town. Additionally, the primary government is required to consider other entities for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. Based upon the application of these criteria, the Town does not have any component units.

Joint Ventures and Jointly Governed Entities

The Town participates in several joint ventures and jointly governed entities as follows:

Kinser Park Commission - The Kinser Park Commission (the Commission) is a joint venture of the Town and Greene County, Tennessee (Greene County). The Commission was created in April 1962 by resolution of the Quarterly County Court of Greene County, when it became apparent that the Tennessee Valley Authority was to transfer certain property on the Davy Crockett Lake to the Town and Greene County for the establishment of a park and recreational facilities. The Commission’s board was established as an administrative body for the purpose of holding, operating and maintaining such facilities. In March 2014, the Commission’s board was dissolved, officials were authorized by the Commission, and the park and recreational facilities began being operated by a third-party operator, with an arrangement for the Commission to receive a percentage of compensation from the operator.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Joint Ventures and Jointly Governed Entities (Continued)

Kinser Park Commission (Continued) - Under this agreement, for the fiscal year ended June 30, 2017, the Commission had no active employees. Financial responsibility for the Commission is maintained by the Town and Greene County. For the fiscal year ended June 30, 2017, Greene County appropriated \$15,000 to supplement the Commission's operating revenues. Compensation received by the Commission from the third-party operators totaled \$15,281 for the fiscal year ended June 30, 2017. At June 30, 2017, the Commission's net position was \$128,820, of which \$78,878 was the investment in capital assets. Subsequent to the year ended June 30, 2017, the Commission's governance changed, as described in Note 25.

Greeneville-Greene County Airport Authority - The Greeneville-Greene County Airport Authority (the Authority) is a non-profit corporation operated jointly by the Town and Greene County. The Authority was chartered in 1980. The Town acts as a fiscal agent for the Authority. Financial responsibility for the Authority is maintained by the Town and Greene County. For the fiscal year ended June 30, 2017, the Town and Greene County appropriated \$30,380 each to supplement the Authority's operating revenues. At June 30, 2017, the Authority's net position was \$26,428,876, of which \$26,160,352 was the net investment in capital assets. Subsequent to the year ended June 30, 2017, Greene County reported certain potential changes to the Authority's joint venture agreement, as described in Note 25.

Greeneville-Greene County Landfill - The Greeneville-Greene County Landfill (the Landfill) is operated jointly by the Town and Greene County, Tennessee. The facility serves as a transfer station for Classes I and II and classified special waste, which is transported out of Greene County. In addition, the Landfill operates a Class III/IV landfill. The Town acts as a fiscal agent for the Landfill. The Town and Greene County have an ongoing financial responsibility for the Landfill. For the fiscal year ended June 30, 2017, the Town and Greene County did not appropriate funds to the Landfill. At June 30, 2017, the Landfill's net position was \$1,486,706, of which \$796,496 was the investment in capital assets.

Greeneville-Greene County Library - The Greeneville-Greene County Library (the Library), a discretely presented component unit of Greene County, is also a joint venture of Greene County and the Town. The Library serves all citizens of Greene County and is governed by a board appointed, in majority, by the Greene County Commission and also by the Town of Greeneville. The Town acts as a fiscal agent for the Library. The Library generates its operating revenue from donations, fines, copy fees, and appropriations from Greene County and the Town. For the fiscal year ended June 30, 2017, the Town and Greene County appropriated \$86,000 each to supplement the Library's operating revenues. At June 30, 2017, the Library's net position was \$606,229, of which \$285,170 was the investment in capital assets.

Greeneville-Greene County Center for Technology - The Greeneville-Greene County Center for Technology (Greene Technology Center or the Center) is a joint venture that is operated by the Board of Education and the Greene County Board of Education. The Center is dependent upon funding from both of these related entities.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Joint Ventures and Jointly Governed Entities (Continued)

Greeneville-Greene County Center for Technology (Continued)

For the fiscal year ended June 30, 2017, the appropriations from the Greeneville Board of Education, Greene County Board of Education and Greene County as reported in the audit report of the Board of Education, audited by other auditors, were as follows:

State of Tennessee and Federal Funds (includes \$98,089 in Federal Funds from Greene County Board of Education)	\$ 816,025
Greene County	460,744
Greene County Board of Education	324,534
Greeneville Board of Education	<u>111,365</u>
Total	<u><u>\$ 1,712,668</u></u>

The Center maintains its own bank account, through which all revenues and expenses are run. The Board of Education is responsible for this account.

Industrial Development Board - The Industrial Development Board (IDB) was created and jointly governed by the Town and Greene County. The board is composed of sixteen members, eight from each government, including the mayors for the Town and Greene County and seven other members each as approved by the Town and Greene County. The Town's administrator assists with certain financial procedures of the IDB, including signing disbursements. The purpose is to promote economic development by inducing manufacturing, industrial, governmental, educational, financial, service, commercial, recreational, and agricultural enterprises to locate in or remain in Greene County and the Town of Greeneville. Other than pass-through of tax-increment financing collections and remissions, the Town did not appropriate any funds for this operation during the fiscal year ending June 30, 2017 or have any ongoing financial interest or responsibilities for the entity. There were no separately issued audited financial statements for the IDB.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Joint Ventures and Jointly Governed Entities (Continued)

A summary of the joint ventures' audited information as of June 30, 2017 is presented below, including the Library, a discretely presented component unit of Greene County. All are presented on the accrual basis.

	Kinser Park Commission	Greeneville- Greene County Landfill	Greeneville- Greene County Airport Authority	Greeneville- Greene County Library (A Component Unit of Greene County)	Greeneville- Greene Technology Center
Charges for Services/Operating Revenues	\$ 15,281	1,650,694	237,558	51,713	-
Operating Grants and Contributions	-	-	-	20,652	1,263,742
Capital Grants and Contributions	-	-	3,474,211	-	-
Operating and Other Expenses	(10,906)	(1,616,437)	(484,556)	(304,691)	(1,796,760)
General Revenues	15,000	7,950	93,591	173,624	463,213
Change in Net Position	19,375	42,207	3,320,804	(58,702)	(69,805)
Net Position, Beginning	109,445	1,444,499	23,108,072	664,931	1,326,991
Net Position, Ending	\$ 128,820	1,486,706	26,428,876	606,229	1,257,186
Total Assets and Deferred Outflows	\$ 128,820	3,039,752	28,761,303	655,944	1,556,961
Total Liabilities and Deferred Inflows	-	1,553,046	2,332,427	49,715	299,775
Total Net Position	\$ 128,820	1,486,706	26,428,876	606,229	1,257,186

Complete sets of financial statements are issued separately for each of the Town's joint ventures and jointly governed entities and are available upon request.

Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Measurement focus indicates the type of resources being measured, such as current financial resources or economic resources. Basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements, and it relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred regardless of the timing of related cash flows.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

The governmental fund financial statements are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. Exceptions to this general rule include: (1) accumulated unpaid sick pay, which is not accrued; and (2) principal and interest on general obligation long-term debt, which is recognized when due.

Basic Financial Statements

The Town's basic financial statements include both the government-wide (reporting the Town as a whole) and fund financial statements. Separate fund financial statements are provided for governmental funds and the proprietary funds. Major individual governmental funds and the major individual enterprise funds are reported as separate columns in the fund financial statements.

Basic Financial Statements – Government-Wide Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

In the government-wide statement of net position, the governmental activities are reported on the full accrual, economic resources basis, which recognizes all long-term assets and receivables, as well as long-term debt and obligations, as are the proprietary fund financial statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. The net cost (by function) is normally covered by general revenue (intergovernmental revenues, interest income, etc.).

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Government-Wide Statements (Continued)

Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the fiscal year for which they are levied, even though the receivable is recognized in the prior period when the enforceable legal claim arises. Property taxes recognized as receivable before the period of revenue recognition have been reported as unearned revenues. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The Town's net position is reported in three parts – net investment in capital assets, restricted net position, and unrestricted net position, as applicable. When both unrestricted and restricted fund resources are available for use, it is the Town's policy to use restricted resources first.

This government-wide focus is more on the sustainability of the Town as an entity and the changes in the Town's net position resulting from the current year's activities.

Basic Financial Statements – Fund Financial Statements

The financial transactions of the Town are reported in the fund financial statements. The funds are accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, deferred inflows, deferred outflows, fund balance, revenues and expenditures/expenses.

Governmental Funds

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after fiscal year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

In accordance with the GASB, certain revenues are required to be, and are recognized, in the General Fund as a receivable at June 30 and either as revenue or deferred outflows of resources, depending upon revenue recognition policies of the entity. In general, taxes, licenses, federal and state grant funds, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. Business taxes are not considered measurable and therefore are not susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the government.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

Governmental Funds (Continued)

The focus of the governmental funds' measurement (in the fund statements) is on determination of financial position and changes in financial positions (sources, uses, and balances of the financial resources) rather than on net income.

The Town reports the following major governmental funds:

General Fund – The General Fund is the primary operating fund of the Town. It is established to account for resources devoted to financing the general services of the Town for its citizens. General tax revenues and other sources of revenue used in the operation of the Town are included in this fund. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

General Purpose School Fund – The General Purpose School Fund accounts for transactions of the Board of Education. The major sources of revenues for this fund are state-shared revenues and local property and sales taxes.

Nonmajor Governmental Funds – The Town reports the following nonmajor governmental funds: State Street Aid Fund, Community Development Fund, Municipal Solid Waste Fund, Parking Fund, Federal Projects Fund, School Nutrition Fund, and Extended School Program.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer functions and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." At June 30, 2017, there were no such internal balances.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

Proprietary Funds

The focus of the proprietary fund measurement is on determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are similar to those of businesses in the private sector. The following is a description of the proprietary funds of the Town:

Enterprise Funds – Light and Power System and Water and Light Commission are enterprise funds. An enterprise fund is a proprietary type fund used to account for operations 1) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or 2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The Town reports both the Light and Power System and Water and Light Commission as major proprietary funds.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

The Light and Power System follows accounting policies for public electric utilities as prescribed by the Federal Energy Regulatory Commission and the Tennessee Valley Authority (TVA).

Revenue Recognition

Property taxes are levied on October 1 and are due and payable at that time. All unpaid taxes levied on October 1 become delinquent March 1 of the following year. Property taxes attach as a lien on property after one year of delinquency.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year-end. Allowances for uncollectible taxes within the General Fund are based upon historical experience in collecting taxes.

Revenue for the Water and Light Commission and Light and Power System is billed to customers based on a monthly meter reading cycle. The net revenue from any service rendered from the latest billing cycle date to the end of the month and their related expenses are not considered material and are not reflected in the financial statements. Expenses of the Water and Light Commission are allocated between the water and wastewater divisions by the specific identification method for direct costs. Other costs are allocated in the ratio of operating revenues and the ratio of water customers to wastewater customers.

Commodities of School Nutrition Fund and Other Nonmonetary Contributions

Commodities received by School Nutrition from the USDA and other nonmonetary assistance received by the Town are recognized as revenue at the estimated fair market value in the period when all eligibility requirements are met (usually, when the commodities or other nonmonetary items are received).

Pricing of Meals - School Nutrition

The cost of meals exceeds the price charged to students set by the Board of Education. The costs are supplemented by the USDA reimbursements on all meals and USDA donated commodities.

Tap Fees

Tap fees charged by the Water and Light Commission to join an existing line or extension of an existing line are recorded as operating income. The related costs are expensed.

Budgets and Budgetary Accounting

The Town presents its budget on the modified accrual basis of accounting.

Encumbrance Accounting

Encumbrance accounting is used for the General Purpose School, Federal Projects, School Nutrition, and Extended School Program Funds. Encumbrances are recorded when purchase orders are issued, but are not considered expenditures until liabilities for payments are incurred. Encumbrances are reported as a reservation of fund balance in the governmental fund financial statements. Encumbrances do not lapse at the close of the fiscal year but are carried forward as reserved fund balance until liquidated.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

Cash and Cash Equivalents

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, regular savings accounts, and certificates of deposit with original maturities of three months or less.

Investments

Investments are reported at fair value (generally based on quoted market prices), except for Local Government Investment Pool (LGIP), which is at amortized cost. Investments consist of LGIP, Corporate Bonds and Asset and Mortgage Backed Securities with a maturity date greater than three months.

Specifically, the LGIP was established under *Tennessee Code Annotated* Title 9, Chapter 4, Part 7. This investment pool is established for the use of idle funds of local governments located within the State of Tennessee. These funds are placed by the participating entity into accounts that are held and invested by the State Treasurer. The LGIP invests in time deposits, such as Certificates of Deposit, commercial paper, United States of America agency securities, repurchase agreements, and United States of America treasuries. By law, the LGIP is required to maintain a 90-day or less weighted-average-maturity. The fair value of shares held in the LGIP is the same as the value of the LGIP shares. LGIP investments are carried at amortized cost, which approximates fair value. The Water and Light Commission's LGIP has been classified as Investments. The Tennessee LGIP has not been rated by a nationally recognized statistical rating organization.

Receivables

Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arise. This date is January 1 and is referred to as the lien date. However, revenues from property taxes are recognized in the period for which the taxes are levied, which is the ensuing fiscal year. Since the receivable is recognized before the period of revenue recognition, the entire amount of the receivable less an estimated allowance for uncollectible taxes, is reported as a deferred inflow of resources as of June 30.

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet as a deferred inflow of resources to reflect amounts not available as of June 30. Property taxes collected within 60 days of fiscal year-end are considered available and accrued. Estimated uncollectible taxes were based on the prior year's collection experience. Property taxes are levied as of October 1 and the billings are considered past due on March 1 at which time the applicable property is subject to lien and penalties and interest are assessed. For the fiscal year ending June 30, 2017, the 2016 calendar year property tax rate was \$2.2153 per \$100 of assessed value.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance (CONTINUED)

Receivables (Continued)

Receivables of the Water and Light Commission and Light and Power System are considered past due 30 days from the invoice date. Management provides an allowance for probable uncollectible amounts based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance and a credit to accounts receivable. Unbilled receivables are generally not accrued. Unbilled receivables of the Water and Light Commission at June 30, 2017 were estimated at \$336,000.

Allowance for Uncollectible Accounts

Receivables are stated at the amount management expects to collect from outstanding balances. Amounts are aggregated into a single accounts receivable (net of allowance for uncollectible) line. Management provides for probable uncollectible amounts through a provision for uncollectible accounts based on the historical collection experience. For the Light and Power System, at June 30, 2017, the balance in allowance for uncollectible accounts was approximately \$290,000, and amounts past due 90 days or greater at June 30, 2017 was approximately \$150,000. Also, at June 30, 2017, the allowance for uncollectible accounts in the Board of Education's Extended School Program Fund was \$6,800.

Inventories and Prepaid Items

The Water and Light Commission's materials and supplies inventories are valued at the lower of average cost or market. Materials and supplies of the Light and Power System are recorded at average cost.

Food and supply inventories for School Nutrition consist of food and expendable supplies stated on a first-in, first-out basis. They are carried at cost and are subsequently charged to expenditures when consumed.

Certain payments reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the government-wide financial statements and on the fund level for the proprietary funds. The payments are being recorded as prepaid expenditures on the fund level for the governmental funds.

Restricted Assets

Resources have been set aside in demand deposits and certificates of deposit for restricted use, such as debt retirements. Certain assets of the Light and Power System have been designated for a particular use. These include certificates of deposit, demand deposits, and receivables from the industrial park and from the TVA Home Insulation Program.

Unearned Revenues

Governmental funds balance sheet and government-wide statement of net position report unearned revenue liabilities in connection with resources that have been received but not yet earned.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance
(Continued)**

Capital Assets

Capital assets, including land, buildings and improvements, infrastructure, equipment and vehicles, and construction in progress, are carried at historical cost in the proprietary funds and in the government-wide financial statements for governmental and business-type activities. Donated capital assets are recorded on the government-wide statements at the estimated fair market value of the property received at the date of donation. Interest costs incurred during construction of fixed assets are capitalized as part of the cost of assets. Capital assets are defined by the Town as items with an individual cost of more than \$5,000 and an estimated useful life in excess of one year. Repairs and maintenance are expensed as incurred. Capital assets (excluding land and construction in progress) are depreciated on a straight-line basis. The estimated useful lives of capital assets are as follows:

Land Improvements	30 - 40 years
Buildings	30 - 40 years
Equipment and Vehicles	3 - 25 years
Infrastructure	3 - 75 years

The Federal Power Commission requires that utilities acquiring properties from another utility to record such properties at original cost to the utility first devoting it to public service. If the purchase price differs from original cost less accumulated depreciation at the date of acquisition, the difference (plant acquisition adjustment) is to be charged to expense over a period of time not in excess of the remaining life of the purchased property. The Light and Power System has adopted the policy of expensing in the fiscal year of acquisition all such acquisition adjustments.

Payables and Accrued Expenses

Certain payments due reflect costs payable in future accounting periods and are recorded as payables and accrued expenses in the government-wide financial statements and on the fund level for the governmental and proprietary funds. Accrued expenses at June 30, 2017 include accrued wages and education-related liabilities in the governmental funds and include accrued wages, tree trimming, sales tax, and other accrued liabilities in the enterprise funds.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance
(Continued)**

Deferred Outflows and Deferred Inflows

In addition to assets, the statement of net position and governmental fund's balance sheet will sometimes report a separate section for deferred outflows of resources. These separate financial statement elements represent a consumption of fund balance or net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2017, certain governmental funds of the Town were obligated for future payments of capital outlay financed with current financing sources. These amounts are currently deferred and subsequently recognized as outflows of resources in the period that the amounts become due. The Town had certain pension items and estimated future capital assets that qualified for reporting on the government-wide statements in this category at June 30, 2017.

In addition to liabilities, the statement of net position and governmental fund's balance sheet will sometimes report a separate section for deferred inflows of resources. These separate financial statement elements represent an acquisition of fund balance or net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Under the modified accrual basis of accounting, unavailable revenue is reported in the governmental fund's balance sheet, but not on the statement of net position. At June 30, 2017, certain governmental funds of the Town reported unavailable revenues from taxes, grants, and notes receivable and other sources collected past the period of availability. These amounts are currently deferred and subsequently recognized as inflows of resources in the period that the amounts become available. The Town had certain pension and tax items that qualified for reporting on the government-wide statements in this category at June 30, 2017.

Internal Activity

Loans are reported as interfund receivables and payables as appropriate, and are subject to elimination in the government-wide financial statements, when applicable. All other interfund transactions are treated as transfers. Transfers between governmental and proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bond issuance costs are expensed as incurred.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance
(Continued)**

Long-term Obligations (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts as expenditures during the current period. The face amount of debt issued is reported as other financing sources, net of applicable premiums and discounts. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Accumulated Compensated Absences

It is the Town's policy to permit employees to accumulate a limited amount of earned but unused vacation, up to one year's vacation time plus 100 hours which will be paid to employees upon separation from the Town's service. The Town's Board of Education employees are permitted to accumulate a limited amount of earned but unused vacation up to twenty days, which will be paid to employees upon separation from the Board of Education. Sick leave can be accumulated indefinitely, but can only be used as service time for retirement if not used for sickness. In the governmental funds, the cost of accumulated vacation expected to be paid in the next 12 months is recorded as a fund liability. The liability for the compensated absences is recorded as long-term debt in the government-wide financial statements. The cost of sick leave is recognized when payments are made to employees. Full-time regular employees are granted sixteen hours of personal leave each calendar year and hours not used during a calendar year are lost. Employees who are separated from employment during the fiscal year will be paid any unused personal leave.

The enterprise funds recognize the cost of vacation and sick leave pay, up to maximum allowable accumulation, as earned. The Water and Light Commission's policies provide that in the event of termination or retirement, employees are reimbursed for accumulated vacation days up to a maximum of 30 days of vacation for prior years plus any vacation earned in the current year. Water and Light Commission employees can accumulate unlimited days of sick leave. Upon retirement or termination, Water and Light Commission employees are reimbursed for one-third of a maximum of 130 working days. The policies of the Light and Power System provide that upon termination or retirement, an employee is reimbursed for all accumulated vacation days. Light and Power System employees can accumulate sick leave and, upon retirement or termination, are reimbursed for one-third of the employees' accumulated sick leave benefits. Light and Power System employees can apply the remaining two-thirds of unused sick leave toward service time for retirement purposes.

Other Post-Employment Benefits

For purposes of measuring the other post-employment benefits (OPEB) liability and related OPEB expense, the Town, including the Water and Light Commission, Light and Power System, and Board of Education, recognizes benefits when they are due and payable in accordance with the benefit terms and actuarial valuations.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance (Continued)

Pension Plan Obligations

For purposes of measuring the net pension liability (asset) of the Town, including the Water and Light Commission, Light and Power System, and Board of Education, as applicable, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from the Town's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Pension investments are reported at fair value.

Fund Balance

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. The Town has not reported any amounts that are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – includes amounts that can only be used for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Mayor and Aldermen is the highest level of decision-making authority for the government that can, by adoption of an ordinance, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned – includes amounts that the Town intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Amounts can be assigned by the Board of Mayor and Aldermen, by the Town's Board of Education, or management.

Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance (Continued)

Fund Balance (Continued)

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Town has provided otherwise in its commitment or assignment actions.

Self-Insurance Reserve

The Town is self-insured for the purpose of paying medical claims of the Town of Greeneville's General Fund employees and their covered dependents, as well as post-employment health care benefits and certain related parties (Note 22), thus minimizing the total cost of annual medical insurance to the Town. Medical claims exceeding \$70,000 per incident are covered through a private insurance carrier. The self-insurance transactions are recorded in the Town's General Fund and not accounted for in a separate fund, with the fund balance reserved for self-insurance at an amount equal to the cash and receivables in funds previously designated as self-insurance funds.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Accounting Changes

Provisions of GASB Statement No.74, [*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*] is effective for the year ended June 30, 2017. All of the Town's other postemployment benefit plans are not maintained in a separately held trust. Therefore, there was no impact from this statement for the current fiscal year.

In the fiscal year ended June 30, 2017, the Town implemented GASB Statement No. 78, [*Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*]. The cost-sharing multiple-employer defined benefit pension plans for the School Board are provided through the state TCRS plan. Therefore, there was no impact from this statement for the current fiscal year.

In the fiscal year ended June 30, 2017, the Town implemented GASB Statement No. 77, [*Tax Abatement Disclosures*], requiring disclosure and description of tax abatements made by the government. The Town did not consider any amounts to be abated under these requirements for the fiscal year ended June 30, 2017.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance (Continued)

Reclassifications

Certain reclassifications have been made to the June 30, 2016 financial information in order for them to conform to the June 30, 2017 financial statement presentation. Certain reclassifications have been made to the financial information of the Town's Board of Education, Water and Light Commission, and Light and Power System in order for them to conform to the Town-wide financial statement presentation.

The Board of Education's separately issued report show amounts as reported by other auditors. However, certain amounts were reclassified in the Town's Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual for the General Purpose School Fund in order to conform to the Town's financial statement presentation. Thus total revenues, total expenditures, and total other financing sources (uses) differ between the aforementioned separately issued report and the Town's governmental funds financial statements; however, the General Purpose School Fund's total net change in fund balance and ending fund balance agree between reports, as detailed in Note 2.

NOTE 2 - RECONCILIATION OF FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Funds Balance Sheet and the Government-wide Statement of Net Position

The governmental funds balance sheet includes a reconciliation between *fund balances-governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds". The details of this difference are as follows:

General Obligation Bonds	\$ (19,870,000)
General Obligation Bonds - Airport	(1,615,000)
Airport Revenue and Tax Refunding Bonds	(555,000)
Premiums Related to Bonds	(483,594)
Compensated Absences	(679,160)
Retirement Incentive	(244,230)
Capital Leases	(1,572,027)
Net Other Post-Employment Benefits	(291,953)
Net Pension Liability	<u>(6,592,171)</u>
Net adjustment to reduce fund balances - governmental funds to arrive at net position - governmental activities.	<u><u>\$ (31,903,135)</u></u>

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 2 - RECONCILIATION OF FINANCIAL STATEMENTS (CONTINUED)

Explanation of Certain Differences Between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net change in fund balances – governmental funds and change in net position of governmental activities as reported in the government-wide statement of activities.

One element of that reconciliation states that “net adjustment for net pension liability and related deferred inflows and deferred outflows entries are not due and payable in the current period and, therefore, are not reported in the governmental funds”. The details of this difference are as follows:

Changes in deferred outflows of resources related to pensions	\$ 82,737
Changes in deferred inflows of resources related to pensions	5,512,240
Changes in net pension liability	<u>(3,960,874)</u>
Net adjustment to increase net change in fund balances - governmental funds to arrive at change in net position of governmental activities.	<u>\$ 1,634,103</u>

Explanation of Certain Differences Between the Town's Governmental Funds Financial Statements and the Separately Issued Board of Education Report

As discussed in Note 1, the General Purpose School Fund required certain reclassifications from the separately issued report by other auditors to conform to the presentation of the Town's governmental funds financial statements. The details of the differences are as follows:

	General Purpose School Fund			
	Revenues	Expenditures	Other Financing Sources (Uses)	Net Change in Fund Balance
Totals - Reported in the Board of Education's Separately Issued Report - Governmental Funds	\$ 26,990,837	27,008,942	9,864	(8,241)
Transfers to the BOE from the Town's General Fund for Operations and School Bus	(5,641,283)	-	5,641,283	-
Utility Expenditures Reimbursed by the Town's General Fund	(30,000)	(30,000)	-	-
Technology Expenditures Reimbursed by the Town's General Fund	(65,000)	(65,000)	-	-
Transfers from the BOE to the Town's General Fund for Debt Service Reimbursements	-	(388,632)	(388,632)	-
Totals - Reported in the Town's Governmental Funds Financial Statements	<u>\$ 21,254,554</u>	<u>26,525,310</u>	<u>5,262,515</u>	<u>(8,241)</u>

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 3 - BUDGETARY INFORMATION AND COMPLIANCE

Formal budgetary integration is employed as a management control device during the fiscal year for the General Fund, General Purpose School Fund, and certain Special Revenue Funds. These budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The statements of revenues, expenditures, and changes in fund balance – budget and actual for the General Fund and General Purpose School Fund present comparisons of legally adopted budgets with actual data on a budgetary basis. The schedules of revenues, expenditures, and changes in fund balance – budget and actual present comparisons for nonmajor funds of legally adopted budgets with actual data on a budgetary basis.

The Board of Mayor and Aldermen approve, by ordinance, total budget appropriations by department for the Town. The Town Recorder is authorized to transfer budget amounts within departments of any fund; however, any revisions that alter the total appropriations of any department must be approved by the Board of Mayor and Aldermen. Therefore, the level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis within departments.

The Board of Education submits a proposed fiscal year operating budget to the Board of Mayor and Aldermen. The Board of Mayor and Aldermen does not have the authority to make line item adjustments to the budget; they control only the Town appropriation. The operating budget includes proposed revenues and expenditures. Public hearings are conducted to obtain citizen comments on the proposed budget. Upon second reading by the Board of Mayor and Aldermen, the budget is legally adopted. A copy of the budget must be filed with the Commissioner of Education. The Board of Education has the authority to make revisions to the budget as deemed necessary. The amended budget is approved by the Board of Education and reflected in the official minutes of the Board of Education. The amended budget is reflected in these financial statements. Actual expenditures may not legally exceed budget appropriations at the individual fund level.

Unused appropriations for all the above annually budgeted funds lapse at the end of the fiscal year.

For the fiscal year ended June 30, 2017, expenditures exceeded budgeted appropriations in the listed departments or funds as follows:

General Fund	
Public Safety	\$764,104
Debt Service	\$382
General Purpose School Fund - Instruction	
Instruction	\$82,824
Student Supporting Services	\$41,500

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 4 - DEPOSITS AND INVESTMENTS

Cash includes demand deposits, passbook savings accounts and certificates of deposit with original maturities less than ninety days. Certificates of deposit with original maturities greater than ninety days but less than one year are reflected as certificates of deposit.

Various restrictions on deposits and investments are imposed by state statutes. These restrictions are summarized as follows:

DEPOSITS: All deposits with financial institutions must be collateralized in an amount equal to 105% of the market value of uninsured deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the Town of Greeneville. Deposits with savings and loan associations must be collateralized by one of the following methods: 1) by an amount equal to 110% of the face amount of uninsured deposits if the collateral is of the same character as that required for other financial institutions; 2) by an irrevocable letter of credit issued by the Federal Home Loan Bank; or 3) by providing notes secured by first mortgages or first deeds of trust upon residential real property located in Tennessee. The promissory notes must be in an amount equal to 150% of the amount of uninsured deposits.

INVESTMENTS: State statutes authorize the Town to invest in treasury bonds, notes or bills of the United States; nonconvertible debt securities of the Federal Home Loan Bank, the Federal National Mortgage Association, the Federal Farm Credit Bank and the State Loan Marketing Association; other obligations not listed above which are guaranteed as to principal and interest by the United States or any of its agencies; other evidence of deposit at State and Federal chartered banks and Savings and Loan Associations, obligations of the United States or its agencies under a repurchase agreement and money market funds whose portfolios consist of any of the foregoing investments if approved by the State Director of Local Finance and made in accordance with procedures established by the State Funding Board; the State of Tennessee Local Government Investment Pool; obligations of the Public Housing Authority and bonds of the Tennessee Valley Authority.

The Town does not have a policy for interest rate risk or other credit risk other than pledging securities for amounts in excess of FDIC coverage.

Deposits

Governmental Activities - Town of Greeneville

At June 30, 2017, the carrying value of the Town's governmental activities' bank balances (excluding the Board of Education) were \$4,136,860 for cash and cash equivalents and \$10,411,626 for certificates of deposit – long-term, of which \$2,407,710 was restricted for self-insurance. All of the carrying value was either covered by the federal depository insurance or through the bank's participation in the Tennessee Bank Collateral Pool. Included in these amounts were funds with an investment company which are covered by SPIC.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 4 - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits (Continued)

Governmental Activities - Board of Education

The Board of Education's cash accounts represent funds on deposit in a local financial institution. Carrying value of the Board of Education's bank balances at June 30, 2017 totaled \$4,812,261, all of which was either covered by the federal depository insurance or through the bank's participation in the Tennessee Bank Collateral Pool.

Business-Type Activities - Water and Light Commission

At June 30, 2017, the bank balances of the Water and Light Commission was approximately \$15.3 million, all of which was either covered by federal depository insurance or through the bank's participation in the Tennessee Bank Collateral Pool.

Business-Type Activities - Light and Power System

At June 30, 2017, the bank balances of the Light and Power System aggregated approximately \$17.7 million (including certificates of deposits and designated funds), all of which was covered by federal depository insurance, through the bank's participation in the Tennessee Bank Collateral Pool, or through securities held by the Light and Power System in the System's name. All of the Light and Power System's bank balances were in interest bearing accounts.

Summary of Deposits

A summary of the carrying amount of the Town's governmental activities deposits per the Statement of Net Position are as follows:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 8,731,725	153,859	8,885,584
Certificates of Deposit - Long-Term	<u>8,003,916</u>	<u>2,407,710</u>	<u>10,411,626</u>
Total Governmental Activities	<u><u>\$ 16,735,641</u></u>	<u><u>2,561,569</u></u>	<u><u>19,297,210</u></u>

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 4 - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits (Continued)

A summary of the carrying amount of the Town's business-type activities deposits per the fund level Statement of Net Position follows:

	<u>Unrestricted</u>	<u>Designated</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 26,123,015	449,323	26,572,338
Certificates of Deposit - Long-Term	<u>6,540,600</u>	<u>-</u>	<u>6,540,600</u>
Total Business-Type Activities	<u><u>\$ 32,663,615</u></u>	<u><u>449,323</u></u>	<u><u>33,112,938</u></u>

Investments

Interest Rate Risk

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

As of June 30, 2017, all of the Town's investments in corporate bonds were rated as B+/BB-. Certain asset and mortgage backed securities owned by the Town were not rated. Investments rated BBB and higher are considered to be investment grade. Investments rated BB or lower indicate an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time.

Concentration of Credit Risk over Investments

More than 5 percent of the Town's governmental activities investments (excluding long-term certificates of deposits) are in corporate bonds.

See Note 18 for disclosure of concentration of credit risk for business-type activities.

Governmental Activities

Investments for the Town are reported at fair value (generally based on quoted market prices). The Town places no limit on the amount the Town may invest in any one issuer.

As of June 30, 2017, the Town held investments in callable corporate bonds totaling \$19,154. These investments are not permitted under State statutes. Upon sale, call or maturity, the proceeds from these securities will be reinvested in compliance with State Code.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 4 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

Governmental Activities (Continued)

At June 30, 2017, the Town's credit quality distribution for investments, with credit exposure as a percentage of total investments and weighted average maturity in years, are as follows:

Investment Type	Fair Value	Weighted Average Maturity (Years)		
Corporate Bonds	\$ 19,154	8.53		
Asset and Mortgage Backed Securities	3,216	0.32		
Total Fair Value	<u>\$ 22,370</u>			
Portfolio Weighted Average Maturity		8.85		

Investment Type	Rating	Rating Agency	Fair Value	Percentage
Corporate Bonds	B+/BB-	Fitch / Standard & Poor's	\$ 19,154	86%
Asset and Mortgage Backed Securities	N/A	N/A	3,216	14%
			<u>\$ 22,370</u>	

Investment maturities by type are as follows:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 - 5	6 - 10	More Than 10
Corporate Bonds	\$ 19,154	-	-	-	19,154
Asset and Mortgage Backed Securities	3,216	-	-	-	3,216
Total Bond Fund Investments	<u>\$ 22,370</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>22,370</u>

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 4 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

Governmental Activities (Continued)

Investments at fair value on recurring basis are as follows:

		Fair Value Measurements at Reporting Date Using:		
		Quoted Prices in Active Markets for Identical Assets (Level One)	Significant Other Observable Inputs (Level Two)	Significant Unobservable Inputs (Level Three)
	Total			
Corporate Bonds	\$ 19,154	19,154	-	-
Asset and Mortgage Backed Securities	3,216	3,216	-	-
Total Investments Reported at Fair Value	<u>\$ 22,370</u>	<u>22,370</u>	<u>0</u>	<u>0</u>

Cash, money market, and brokered certificates of deposit accounts held with investment firms are not represented in this table.

Restricted Investments

Certain investments have been restricted for use in the Town's Self-Insurance Plan. At June 30, 2017, the balance of investments restricted for self-insurance was \$22,370.

Business-Type Activities

The Water and Light Commission invests funds in the State of Tennessee's Local Government Investment Pool (LGIP) and is recorded at amortized cost which approximates fair market value. At June 30, 2017, the investment balance was \$83,558. The weighted average maturity (days) range from 3 to 80 for LGIP investments.

Investment Type	Cost	Investment Maturities (in Years)			
		Less than 1	1 - 5	6 - 10	More Than 10
Local Government Investment Pool	\$ 83,558	83,558	-	-	-
Total LGIP Investments	<u>\$ 83,558</u>	<u>83,558</u>	<u>0</u>	<u>0</u>	<u>0</u>

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 5 - RECEIVABLES

Receivables as of June 30, 2017, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities			Business - Type Activities	
	General	General Purpose School	Nonmajor and Other Funds	Light and Power	Water and Light
Current Receivables:					
Accounts	\$ 203,968	30,347	132,243	7,283,793	839,747
Taxes	10,046,512	-	-	-	-
Unbilled Revenue	-	-	-	2,412,234	-
Other	-	-	-	-	111,545
Designated Receivables:					
Industrial Park Fund Receivables	-	-	-	625,065	-
TVA Home Insulation Program Receivables	-	-	-	1,820,994	-
Gross Receivables	10,250,480	30,347	132,243	12,142,086	951,292
Less: Allowance for Uncollectible	(81,682)	-	(6,800)	(290,000)	(36,749)
Total Receivables	<u>\$ 10,168,798</u>	<u>30,347</u>	<u>125,443</u>	<u>11,852,086</u>	<u>914,543</u>

Governmental funds report *unavailable revenues* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred inflows of resources* reported in the governmental funds were as follows:

	Unavailable	Unearned
General Government		
Property tax levied for ensuing fiscal year	\$ -	9,501,967
Receivables not received within period of availability:		
General Government		
Note Receivable	2,170,000	-
Taxes not collected in the period of availability	418,252	-
State Income Tax	90,254	-
Payments in Lieu of Tax	42,500	-
State and Federal Grants	31,250	-
	<u>\$ 2,752,256</u>	<u>9,501,967</u>

Receivables not expected to be collected in one year are \$2,095,000 of the \$2,170,000 notes receivable from the Greeneville-Greene County Airport Authority at June 30, 2017.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 6 - PREPAID POWER

The Light and Power System has an agreement with TVA by which the System maintains an interest-earning prepaid power account for its purchase of electricity. At June 30, 2017 the Light and Power System had deposits with the TVA totaling \$137,683 and had a liability for purchased power equaling \$7,219,635. The account yielded an interest rate of 0.99% at June 30, 2017.

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2017 is as follows:

	Adjusted Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 4,359,206	-	-	4,359,206
Construction in Progress	1,660,666	2,239,119	(3,483,464)	416,321
Total Capital Assets, Not Being Depreciated	6,019,872	2,239,119	(3,483,464)	4,775,527
Capital Assets, Being Depreciated				
Buildings and Improvements	65,080,340	1,295,138	-	66,375,478
Infrastructure	47,668,704	2,646,498	-	50,315,202
Equipment and Vehicles	18,687,158	2,429,287	(435,144)	20,681,301
Total Capital Assets, Being Depreciated	131,436,202	6,370,923	(435,144)	137,371,981
Less Accumulated Depreciation				
Buildings and Improvements	(36,338,903)	(1,681,903)	-	(38,020,806)
Infrastructure	(44,846,869)	(349,924)	-	(45,196,793)
Equipment and Vehicles	(14,783,660)	(1,131,173)	216,698	(15,698,135)
Total Accumulated Depreciation	(95,969,432)	(3,163,000)	216,698	(98,915,734)
Total Capital Assets, Being Depreciated, Net	35,466,770	3,207,923	(218,446)	38,456,247
Governmental Activities, Capital Assets, Net	\$ 41,486,642	5,447,042	(3,701,910)	43,231,774

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 7 - CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business - Type Activities				
Capital Assets, Not Being Depreciated				
Land and Land Rights	\$ 2,382,049	60,449	(14,034)	2,428,464
Construction in Progress	6,603,408	5,186,251	(683,074)	11,106,585
Total Capital Assets, Not Being Depreciated	<u>8,985,457</u>	<u>5,246,700</u>	<u>(697,108)</u>	<u>13,535,049</u>
Capital Assets, Being Depreciated				
Buildings and Improvements	39,331,684	440,007	-	39,771,691
Equipment and Distribution Systems	150,802,189	5,771,816	(1,372,429)	155,201,576
Total Capital Assets, Being Depreciated	<u>190,133,873</u>	<u>6,211,823</u>	<u>(1,372,429)</u>	<u>194,973,267</u>
Less Accumulated Depreciation	<u>(95,698,681)</u>	<u>(6,328,291)</u>	<u>1,529,953</u>	<u>(100,497,019)</u>
Total Capital Assets, Being Depreciated, Net	<u>94,435,192</u>	<u>(116,468)</u>	<u>157,524</u>	<u>94,476,248</u>
Business - Type Activities, Capital Assets, Net	<u>\$ 103,420,649</u>	<u>5,130,232</u>	<u>(539,584)</u>	<u>108,011,297</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities	
General Government	\$ 405,124
Education	1,566,640
Public Safety	544,466
Public Works	315,549
Health and Welfare	331,221
Total Depreciation Expense - Governmental Activities	<u>\$ 3,163,000</u>
Business-type Activities	
Light and Power System	\$ 4,404,267
Water and Light Commission	1,504,979
	5,909,246
Depreciation Expense Charged to Clearing Account	<u>419,045</u>
Total Business-Type Activities Depreciation Expense	<u>\$ 6,328,291</u>

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 8 - LONG-TERM DEBT

During the fiscal year ended June 30, 2017, the following debt transactions occurred:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General Obligation Bonds	\$ 21,100,000	-	(1,230,000)	19,870,000	1,335,000
Plus: Premiums	486,721	-	(29,561)	457,160	-
General Obligation Bonds - Airport	615,000	1,615,000	(615,000)	1,615,000	-
Plus: Premiums	-	27,041	(607)	26,434	-
Airport Revenue and Tax Refunding Bonds	-	555,000	-	555,000	75,000
Total Bonds and Notes Payable	22,201,721	2,197,041	(1,875,168)	22,523,594	1,410,000
Other Liabilities					
Compensated Absences	664,242	773,083	(758,165)	679,160	-
Retirement Incentive	221,146	143,306	(120,222)	244,230	133,386
Capital Leases	-	1,572,027	-	1,572,027	549,326
Net Other Post-Employment Benefits	134,155	944,738	(786,940)	291,953	-
Net Pension Liability	2,631,297	4,984,248	(1,023,374)	6,592,171	-
Total Other Liabilities	3,650,840	8,417,402	(2,688,701)	9,379,541	682,712
Governmental Activities Long-Term Liabilities	\$ 25,852,561	10,614,443	(4,563,869)	31,903,135	2,092,712
Business-Type Activities					
Compensated Absences	\$ 1,059,468	358,414	(270,264)	1,147,618	267,177
Net Pension Liability	3,110,799	3,279,783	(1,792,743)	4,597,839	-
Net OPEB Obligation	7,471,293	1,316,540	(580,000)	8,207,833	-
Due to TVA - Unbilled Power	1,215,639	-	(120,000)	1,095,639	120,000
TVA Home Insulation Program	1,875,923	-	(14,243)	1,861,680	-
Amounts Due for Easements Purchased	38,375	-	-	38,375	-
Other Long-Term Liabilities	2,225	1,842	-	4,067	-
Business-Type Activities Long-Term Liabilities	\$ 14,773,722	4,956,579	(2,777,250)	16,953,051	387,177

The Town's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Governmental Activities

For governmental activities, compensated absences are liquidated by the General Fund and the General Purpose School Fund. The retirement incentive will be paid by the General Purpose School Fund.

Bonds Payable

General Obligation Refunding Bonds, Series 2009, debt service requirements are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2018	\$ 135,000	407,775	542,775
2019	1,285,000	403,387	1,688,387
2020	1,410,000	358,413	1,768,413
2021	1,455,000	305,537	1,760,537
2022	1,510,000	247,338	1,757,338
2023	1,550,000	192,600	1,742,600
2024	1,605,000	130,600	1,735,600
2025	1,660,000	66,400	1,726,400
	<u>\$ 10,610,000</u>	<u>2,112,050</u>	<u>12,722,050</u>

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Governmental Activities (Continued)

Bonds Payable (Continued)

General Obligation Refunding Bonds, Series 2010A, debt service requirements are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2018	\$ 1,200,000	341,875	1,541,875
2019	180,000	305,875	485,875
2020	185,000	301,825	486,825
2021	200,000	297,200	497,200
2022	200,000	291,700	491,700
2023	205,000	285,700	490,700
2024	225,000	279,550	504,550
2025	240,000	272,800	512,800
2026	1,600,000	265,000	1,865,000
2027	1,625,000	201,000	1,826,000
2028	1,700,000	136,000	1,836,000
2029	1,700,000	68,000	1,768,000
	\$ 9,260,000	3,046,525	12,306,525

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Governmental Activities (Continued)

Bonds Payable (Continued)

General Obligation Bonds, Series 2016A, debt service requirements are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2018	\$ -	50,469	50,469
2019	-	50,469	50,469
2020	-	50,469	50,469
2021	-	50,469	50,469
2022	-	50,469	50,469
2023	-	50,469	50,469
2024	-	50,469	50,469
2025	70,000	49,419	119,419
2026	70,000	47,319	117,319
2027	75,000	45,144	120,144
2028	75,000	42,894	117,894
2029	75,000	40,644	115,644
2030	80,000	38,319	118,319
2031	80,000	35,919	115,919
2032	85,000	33,444	118,444
2033	85,000	30,894	115,894
2034	90,000	28,269	118,269
2035	95,000	25,494	120,494
2036	95,000	22,644	117,644
2037	100,000	19,594	119,594
2038	100,000	16,344	116,344
2039	105,000	13,013	118,013
2040	110,000	9,450	119,450
2041	110,000	5,738	115,738
2042	115,000	1,941	116,941
	<u>\$ 1,615,000</u>	<u>859,766</u>	<u>2,474,766</u>

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Governmental Activities (Continued)

Bonds Payable (Continued)

Airport Revenue and Tax Refunding Bonds, Series 2016B, debt service requirements are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2018	\$ 75,000	12,523	87,523
2019	80,000	10,648	90,648
2020	80,000	8,712	88,712
2021	80,000	6,776	86,776
2022	80,000	4,840	84,840
2023	80,000	2,904	82,904
2024	80,000	968	80,968
	<u>\$ 555,000</u>	<u>47,371</u>	<u>602,371</u>

To assist the Town with the bond payments, the Board of Education agreed to pay the Town for the renovation of two schools. The agreements the Board of Education has with the Town are as follows:

The Board of Education agreed to pay \$1,800,000 to the Town for the renovation of Greeneville Middle School. The Board of Education funds the annual payment from the Basic Education Program (BEP) non-classroom funds. The principal and interest are paid in annual installments, and the last payment is due June 2025. The interest rate is 6.0%. The amount paid to the Town for June 30, 2017 was \$144,700. The principal balance the Board of Education owes the Town for Greeneville Middle School at June 30, 2017 was \$910,000.

To assist the Town for the construction of Greeneville High School, the Board of Education agreed to pay to the Town, on an annual basis, the quarter cent sales tax money the Board of Education receives. The amount paid to the Town for June 30, 2017 was \$243,932. This payment will be made annually through the fiscal year ended 2025.

In November 2016, the Town, on behalf of the Greeneville-Greene County Airport Authority (the Authority, a related party), refinanced the General Obligation Bonds and issued debt for additional funding to sustain the Authority's future payments on liabilities, including the Authority's settlement liability, notes payable, and other construction obligations. During fiscal year 2017, the \$1,615,000 G.O. Bonds, Series 2016A, paid off the capital outlay note and litigation settlement liability, and the \$555,000 Airport Revenue and Tax Refunding Bonds, Series 2016B, refunded the Series 2003 Airport Improvement Project obligation.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Governmental Activities (Continued)

Bonds Payable (Continued)

Annual Debt Service Requirements

Future maturities of governmental long-term debt general obligation and refunding bonds at June 30, 2017 are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 1,410,000	812,642
2019	1,545,000	770,379
2020	1,675,000	719,419
2021	1,735,000	659,982
2022	1,790,000	594,347
2023	1,835,000	531,673
2024	1,910,000	461,587
2025	1,970,000	388,619
2026	1,670,000	312,319
2027	1,700,000	246,144
2028	1,775,000	178,894
2029	1,775,000	108,644
2030	80,000	38,319
2031	80,000	35,919
2032	85,000	33,444
2033	85,000	30,894
2034	90,000	28,269
2035	95,000	25,494
2036	95,000	22,644
2037	100,000	19,594
2038	100,000	16,344
2039	105,000	13,013
2040	110,000	9,450
2041	110,000	5,738
2042	115,000	1,941
	<u>\$ 22,040,000</u>	<u>6,065,712</u>

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Governmental Activities (Continued)

Premiums on Long-Term Debt

At June 30, 2017, the governmental activities' premiums on long-term debt, related to the Town's Board of Education and the Town on behalf of the Greeneville-Greene County Airport Authority, were as follows:

G.O. Refunding Bonds, Series 2009	\$ 108,590
Unamortized Premium on Notes Payable Related to G.O. Refunding Bonds, Series 2010	348,570
Unamortized Premium on Notes Payable Related to General Obligation Bonds - Airport, Series 2016A	<u>26,434</u>
Total Premiums	<u><u>\$ 483,594</u></u>

Business-Type Activities

Accrued Compensated Absences, by Function:

Light and Power System	\$ 880,441
Water and Light Commission	<u>267,177</u>
Total Accrued Compensated Absences	1,147,618
Other Long-Term Liabilities	4,067
Amounts Due for Easements Purchased	38,375
TVA - Previous Years' Unbilled Power	1,095,639
Other Post-Employment Benefits	8,207,833
Net Pension Liability	4,597,839
Advances under the Tennessee Valley Authority home insulation program providing for interest-free or low-interest loans to customers; repayable to a financial institution from customer repayments to the Light and Power System.	<u>1,861,680</u>
Total Business-Type Activities Long-Term Liabilities	16,953,051
Less Amounts Due Within One Year	<u>(387,177)</u>
Noncurrent	<u><u>\$ 16,565,874</u></u>

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Business-Type Activities (Continued)

In October 2015, the Light and Power System learned that TVA had not billed them for certain power costs for various months during the period of 2009 through 2014. The total previously unbilled costs amounted to \$1,305,639. The Light and Power System will pay TVA these costs in 71 interest-free installments of \$10,000 beginning in October 2015, with a balloon payment for the remaining balance due in fiscal year 2021. Future maturities of amounts due to the TVA for unpaid power at June 30, 2017 are as follows:

Ending June 30	TVA - Unbilled Power	
	Principal	Interest
2018	\$ 120,000	-
2019	120,000	-
2020	120,000	-
2021	735,639	-
Total	<u>\$ 1,095,639</u>	<u>0</u>

NOTE 9 - CAPITAL LEASES AND DEFERRED OUTFLOWS OF RESOURCES

During the fiscal year ended June 30, 2017, the Town entered into a \$1,572,027 capital lease agreement for equipment, recording the proceeds from the lease during the fiscal year in the governmental funds and recorded as debt of the governmental activities of the government-wide financial statements. The lease includes three annual installments of \$549,326 beginning January 1, 2018, subsequent to fiscal year-end. According to the agreement, there is no interest charged and the agreement's calculated imputed interest rate is 2.39%. The capital lease items are included in the capital assets when available, with a cost of \$823,900 and total accumulated depreciation of \$82,390 for net equipment under capital leases of \$741,510. The equipment is amortized in accordance with the Town's policy, and amortization of leased equipment under capital assets is included with depreciation expense. At June 30, 2017, the portion of the lease that was not available for capitalization, \$748,127, was reported as deferred outflows in the governmental funds and the governmental activities of the government-wide financial statements. The remaining minimum lease obligation payments at June 30, 2017 were as follows:

Fiscal Year	Total
2018	\$ 549,326
2019	549,326
2020	549,326
Total Requirements	1,647,978
Less: Interest	(75,951)
	<u>\$ 1,572,027</u>

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 10 - FUND BALANCES

As of June 30, 2017, fund balances are composed of the following:

	General Fund	General Purpose School Fund	Nonmajor Governmental Funds	Total
Nonspendable:				
School Nutrition Food Inventory	\$ -	-	57,234	57,234
Prepaid Insurance	122,362	-	-	122,362
Total Nonspendable	122,362	0	57,234	179,596
Restricted for:				
School Nutrition	-	-	316,336	316,336
Police SOF	4,253	-	-	4,253
Special Events	7,549	-	-	7,549
State Street Aid	-	-	1,822,278	1,822,278
Other	80,547	-	-	80,547
Total Restricted	92,349	0	2,138,614	2,230,963
Committed to:				
Litigation Fees	133,071	-	-	133,071
Driving School Fees	8,754	-	-	8,754
Sidewalks	27,866	-	-	27,866
Total Committed	169,691	0	0	169,691
Assigned to:				
Extended School Program	-	-	35,000	35,000
Capital Projects	-	1,564,500	-	1,564,500
Education	-	109,793	-	109,793
Community Development	-	-	166,890	166,890
Municipal Solid Waste	-	-	917,834	917,834
Parking Fund	-	-	43,449	43,449
Self-Insurance Fund	2,423,064	-	-	2,423,064
Board of Education - Other	-	2,096	-	2,096
Total Assigned	2,423,064	1,676,389	1,163,173	5,262,626
Unassigned	11,287,935	1,783,400	-	13,071,335
Total Fund Balances	\$ 14,095,401	3,459,789	3,359,021	20,914,211

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 11 - DUE TO/FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units, including certain funds with separate reports, are as follows:

	Governmental Activities	Business-Type Activities Water and Light
State and Local Sales Tax	\$ 1,486,459	-
Mixed Drink Tax	14,739	-
Greeneville Light and Power In Lieu of Taxes	146,827	-
TVA In Lieu of Tax	42,500	-
State Income Tax	90,254	-
State Revenues - Other	5,070	-
State Street Aid	72,471	-
Business Tax	31,431	-
Board of Education Grants and Other	1,412,080	-
State and Federal Grant Programs	288,882	277,846
Greene County EMS, EMA, and Animal Control	143,564	-
Other	526	-
Airport Authority Note Receivable	2,170,000	-
Total Due from Other Governments	<u>\$ 5,904,803</u>	<u>277,846</u>

NOTE 12 - INTERFUND RECEIVABLES, INTERFUND PAYABLES AND TRANSFERS

The outstanding balances between funds result mainly from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made. At fiscal year ended June 30, 2017, there were no interfund receivables or payables reported.

Transfers are used to move revenues from the fund with collections authorization to the fund authorized to make debt service principal and interest payments as they become due, move restricted amounts to establish mandatory reserve accounts, move payments made in lieu of taxes, or move unrestricted General Fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various programs.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 12 - INTERFUND RECEIVABLES, INTERFUND PAYABLES AND TRANSFERS (CONTINUED)

Transfers for the fiscal year ended June 30, 2017 are as follows:

Transfer In	Transfer Out	Amount	Purpose
General Fund	Light and Power System	\$ 1,374,860	In lieu of taxes
General Fund	General Purpose School Fund	388,632	Debt service payments
General Purpose School Fund	General Fund	5,651,147	Operations and school bus
Municipal Solid Waste Fund	General Fund	940,872	Operations
Parking Fund	General Fund	10,000	Operations

NOTE 13 - POST-RETIREMENT BENEFITS OTHER THAN PENSIONS

Governmental Activities - Board of Education – Other Post-Employment Benefits

Plan Description

The Town's Board of Education (Greeneville City Schools) participates in the state-administered Teacher Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit other post-employment benefits (OPEB) plans. Benefits are established and amended by an insurance committee created by Tennessee Code Annotated (TCA) 8-27-201 for the state plan and TCA 8-27-701 for the Medicare Supplement Plan. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization (PPO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in Medicare supplement plan that does not include pharmacy.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claim liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs of the plan are allocated to plan participants. Retired employees who have not reached the age of 65 pay the same base premium as active employees in the plan adjusted for years of service. Retirees with 30 years of service are subsidized 80 percent; 20 but less than 30 years, 70 percent; and less than 20 years, 60 percent. Retired employees who are 65 years of age or older have flat rate premium subsidies based on years of service. Retirees with 30 years of service receive \$50 per month; 20 but less than 30 years, \$37.50; and 15 but less than 20 years, \$25.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 13 - POST-RETIREMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Governmental Activities - Board of Education - Other Post-Employment Benefits (Continued)

Funding Policy (Continued)

Annual OPEB Cost and Net OPEB Obligation	Teacher Group Plan
ARC	\$ 424,000
Interest on the NPO	(3,000)
Adjustment to the ARC	3,000
Annual OPEB Cost	424,000
Amount of Contribution	(437,000)
Increase/Decrease in NPO	(13,000)
Net OPEB Asset - Beginning	(97,000)
Net OPEB Asset - Ending	\$ (110,000)

Fiscal Year Ending	Plan	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2015	Teacher Group	\$ 164,000	100%	\$ (156,000)
6/30/2016	Teacher Group	\$ 409,000	100%	\$ (97,000)
6/30/2017	Teacher Group	\$ 424,000	100%	\$ (110,000)

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2015, was as follows:

	Teacher Group Plan
Actuarial Valuation Date	7/1/2015
Actuarial Accrued Liability (AAL)	\$ 2,866,000
Actuarial Value of Plan Assets	\$ -
Unfunded Actuarial Accrued Liability (UAAL)	\$ 2,866,000
Actuarial Value of Assets as a % of the AAL	0%
Covered Payroll (Active Plan Members)	\$ 15,754,000
UAAL as a Percentage of Covered Payroll	18%

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 13 - POST-RETIREMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Governmental Activities - Board of Education – Other Post-Employment Benefits (Continued)

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as RSI following the notes to the financial statements, present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2015, actuarial valuation for the Local Education plan, the Projected Unit Credit actuarial cost method was used and the actuarial assumptions included a 3.75 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 6.5 percent initially. The rate decreased to 6 percent in fiscal year 2016 and then will reduce by decrements to an ultimate rate of 4.7 percent in fiscal year 2050. The rate includes a 2.5 percent inflation assumption. Premium subsidies in the Medicare Supplement plan are projected to remain unchanged and consequently, trend rates are not applicable. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30 year period beginning with July 1, 2007. Payroll is assumed to grow at a rate of 3 percent.

Governmental Activities - Board of Education - Special Termination Benefits

The Board of Education offers an Early Retirement Incentive Program in accordance with Tennessee Code Annotated 49-2-203(b)(9). All state certified teaching personnel who have completed 15 years of employment with the Greeneville City Schools System and who meet the retirement eligibility requirements for full benefits under TCRS, are eligible to participate in the Early Retirement Incentive Program. The benefits to be received by the participants are as follows:

1. An employee who chooses to participate in the Early Retirement Incentive Program in the first year of eligibility shall receive an annual amount equal to 20% of his/her annual base salary.
2. Benefits shall begin in July following retirement and shall be paid annually or biannually at the election of the recipient for three (3) years from the date of retirement.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 13 - POST-RETIREMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Governmental Activities - Board of Education - Special Termination Benefits (Continued)

3. Any applicant with thirty (30) years or more of credited service, as defined by TCRS, or any applicant who has less than thirty (30) years of credited service, as defined by TCRS, but who has attained age sixty (60) by the end of the fiscal school year (June 30) and who fails to make timely application for the total benefits provided by the program, shall be deemed to have waived the right to claim total benefits. Benefits in the program will then be determined in the following manner:

(a) Second year eligibility participation: 15% of the most recent annual contractual salary (to be paid in two (2) years)

(b) Third year eligibility participation: 10% of the most recent annual contractual salary (to be paid in one (1) year)

4. Benefits provided by the Program may not be assigned or transferred in any manner. Program benefits shall automatically cease at the death of the participant and shall not pass on to the estate or beneficiary of the participant.

The benefits expensed during the year were \$120,222. At June 30, 2017, the Board of Education had a liability of \$244,230 for future benefits of current participants, assuming all participants live until eligibility expires.

**TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017**

NOTE 13 - POST-RETIREMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Governmental Activities - Town of Greeneville

A BRIEF DESCRIPTION OF THE RETIREE MEDICAL INSURANCE PLANS:

- a. Plan Types:* Medical Insurance through Blue Cross Blue Shield of Tennessee
- b. Eligibility:* In order to retire, employees must have:
i. 30 years of service OR
ii. 55 years of age and 5 years of service.
All benefits cease when employee is Medicare eligible.
Employees hired after October 1, 2010 are not eligible.
- c. Benefit/Cost Sharing:* Employee pays \$1,200 per year until Medicare eligible.
- d. Spouse Benefit:* Yes, until Medicare eligible or retiree is Medicare eligible.
Spouse pays \$1,200 per year.
- e. Surviving Spouse Benefit:* Yes, until Medicare eligible.
Surviving spouse pays \$1,200 per year.
- f. Annual Premiums:* Effective 1/1/2016 – 12/31/2016

<u>Plan</u>	
INDIVIDUAL	\$6,420
FAMILY	\$14,520

As of the effective date of the actuarial valuation, the primary government employees comprise 97 percent and the employees of the Greeneville-Greene County Library and Greeneville-Greene County Landfill comprise a combined 3 percent of the plan based on required contributions. As of July 1, 2016, there was a total of 127 active participants, 29 retirees and survivor spouses, and 10 spouses receiving benefits. The Greeneville-Greene County Library and Greeneville-Greene County Landfill OPEB disclosures are included in their separate reports.

Annual OPEB Cost and Net OPEB Obligation

The Town's OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (of funding excess) over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for the fiscal year, the amount actually contributed to the plan, and changes in the Town's OPEB obligation.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 13 - POST-RETIREMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Governmental Activities - Town of Greeneville (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

	7/1/2016- 6/30/2017
Annual OPEB Cost and Net OPEB Obligation	
1. Annual Required Contribution (ARC)	\$ 523,476
2. Interest on net OPEB Obligation	9,235
3. Adjustment to ARC	(11,681)
4. Annual OPEB Cost (Expense)	521,030
5. Contribution made (assumed middle of year)*	(349,940)
6. Increase in net OPEB Obligation	171,090
7. Net OPEB Obligation - Beginning	230,863
8. Net OPEB Obligation - Ending	<u>\$ 401,953</u>

* Contribution made was assumed to equal Expected Benefit Payments.

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2017, 2016, and 2015 are as follows:

Fiscal Year Ending	Annual OPEB Cost	Percentage Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2017	\$521,030	67%	\$401,953
6/30/2016	\$430,958	83%	\$231,155
6/30/2015	\$418,422	85%	\$159,106

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 13 - POST-RETIREMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Governmental Activities - Town of Greeneville (Continued)

Funded Status and Funding Progress

The actuarial accrued liability for benefits was \$6,005,819 and the covered payroll amounts were unavailable as of the actuarial valuation date. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The valuation date is July 1, 2016 and year 1 represents the period of July 1, 2016 to June 30, 2017. The following methods and assumptions were used:

Funding Interest Rate	4.00%
2016 Medical Trend Rate	9.00%
Ultimate Medical Trend Rate	5.00%
Year Ultimate Medical Trend Rate Reached	2020
Actuarial Cost Methods	Entry Age Normal
Remaining Amortization Period at 6/30/2017	23.20 years
Annual Estimated Payroll Increase	2.50%

The amortization of the unfunded actuarial accrued liability is being amortized as a level percentage of pay over 30 years on a closed basis.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 13 - POST-RETIREMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Business-Type Activities - Light and Power System

The Light and Power System's OPEB includes post-employment benefits other than pension, which, for the System, is presented limited to post-employment health care for employees who began their employment prior to January 1, 2009 and who retire under the criteria established by the state retirement system described in Note 15, Light and Power System section. GASB requires the recognition of the accrued OPEB liability for the respective year, plus the disclosure of the unfunded liability. The System pays the cost of the plan as expenses are actually incurred. This was effective for the System for the fiscal year beginning July 1, 2008.

During 2015, the Light and Power System had an actuarial study performed to determine the System's actuarial accrued liability for post-employment health care benefits. The present value of the unfunded actuarial accrued OPEB liability was approximately \$15,916,000 as of the actuarial valuation date, July 1, 2014.

The valuation assumed a funding interest rate of 4%; a medical trend rate of 8.5%; an ultimate trend rate of 5%; that the ultimate trend rate will be reached in 2021; an Entry Age Normal actuarial cost method; annual payroll growth rate of 2.5%; and a remaining amortization period of 22.5 years at June 30, 2013.

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Currently, 37 retirees meet eligibility requirements. The System pays the cost of health care coverage for pre-Medicare retirees and their dependents. The System also pays the premium for Medicare supplemental coverage for each retiree eligible for Medicare. The System recognizes its share of the cost of health care expenses as claims are paid. During the fiscal year ended June 30, 2017, expenditures of approximately \$580,000 were incurred for post-retirement health care. The current year cost was approximately \$1,300,000, and the recorded net OPEB obligation liability at June 30, 2017 was approximately \$8,200,000.

The annual required contribution that will be reported in the next fiscal year is estimated to be \$1,300,000, which includes the normal cost of the plan and the amortization over thirty years of any unfunded actuarial liability.

Business-Type Activities - Water and Light Commission

Management of the Water and Light Commission deemed the OPEB obligation liability to be immaterial. Accordingly, no liability has been recorded for the OPEB obligation by the Water and Light Commission.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 14 - CONDUIT DEBT OBLIGATIONS

From time to time, the Town has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the Town, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

NOTE 15 - PENSION PLAN FUNDS

Water and Light Commission and Board of Education - Non-Certified Employees

As detailed within the disclosure for the primary government to follow, the Town's pension plan includes certain Board of Education and Water and Light Commission employees. This plan includes employees of the Water and Light Commission, representing 15.06% of the plan based on census data and current year contributions. Non-certified employees of the Board of Education are also provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The non-certified employees of the Board of Education comprise 27.69% of the plan based on census data and current year contributions.

Board of Education - Teacher Legacy Pension Plan

General Information about the Pension Plan

Plan Description. Teachers with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014 of Greeneville City Schools are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Board of Education - Teacher Legacy Pension Plan (Continued)

General Information about the Pension Plan (Continued)

Other Entities within the Pension Plan. This plan also includes employees of the Greene Technology Center (representing 5.00% of the plan), which is a joint venture as described in Note 1; thus plan amounts for the Greene Technology Center are not included in the disclosures herein.

Benefits Provided. Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 55 and vested. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Legacy Pension Plan, benefit terms and conditions, including COLAs, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by Greeneville City Schools for the fiscal year ended June 30, 2017 to the Teacher Legacy Pension Plan were \$1,066,678 which is 9.04 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the fiscal year, the cost of administration, as well as an amortized portion of any unfunded liability.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Board of Education - Teacher Legacy Pension Plan (Continued)

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liabilities (Assets). At June 30, 2017, the Greeneville City Schools reported a liability of \$2,078,022 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial value as of that date. Greeneville City Schools' proportion of the net pension liability was based on Greeneville City Schools' share of the contributions to the pension plan relative to the contributions of all LEAs. At the June 30, 2016 measurement date, Greeneville City Schools' proportion was 0.350024 percent. The proportion measured as of June 30, 2015 was 0.341147.

Negative pension Expense. For the fiscal year ended June 30, 2017, Greeneville City Schools recognized pension expense of \$299,232.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the fiscal year ended June 30, 2017, Greeneville City Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 87,453	2,515,898
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,320,212	-
Changes in Proportion of Net Pension Liability (Asset)	230,121	-
Contributions Subsequent to the Measurement Date of June 30, 2016	1,066,678	-
	<u>\$ 3,704,464</u>	<u>2,515,898</u>

Greeneville City Schools' employer contributions of \$1,066,678, reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase in net pension liability (asset) in the fiscal year ended June 30, 2018. The "Net difference between projected and actual earnings on pension plan investments" is netted between deferred outflows of resources and deferred inflows of resources for the statement of net position. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Board of Education - Teacher Legacy Pension Plan (Continued)

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Year Ended June 30:	
2018	\$ (334,512)
2019	(334,512)
2020	778,492
2021	163,598
2022	(151,178)
Thereafter	-
Total	<u><u>\$ 121,888</u></u>

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Actuarial Assumptions. The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary Increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.5 percent

Mortality rates are customized based on the June 30, 2012 actuarial experience study and included an adjustment for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2016 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Board of Education - Teacher Legacy Pension Plan (Continued)

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation of 3 percent. The target allocation and best estimates or arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. Equity	6.46%	33%
Developed Market International Equity	6.26%	17%
Emerging Market International Equity	6.40%	5%
Private Equity Strategic Lending	4.61%	8%
U.S. Fixed Income	0.98%	29%
Real Estate	4.73%	7%
Short-term Securities	0.00%	1%
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Board of Education - Teacher Legacy Pension Plan (Continued)

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the all LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents Greeneville City Schools' proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what Greeneville City Schools' proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	<u>1.00% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1.00% Increase (8.50%)</u>
Proportionate Share of the Net Pension Liability (Asset)	\$ 11,411,128	2,078,022	(5,652,985)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

Payable to the Pension Plan

At June 30, 2017, Greeneville City Schools reported a payable of \$230,828 for the outstanding amount of contributions to the pension plan required at the fiscal year ended June 30, 2017.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Board of Education - Teacher Retirement Plan

General Information about the Pension Plan

Plan Description. Teachers with membership in the TCRS before July 1, 2014 of Greeneville City Schools are provided with pensions through the Teacher Retirement Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014 but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple employer defined benefit plan. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Other Entities within the Pension Plan. This plan also includes employees of the Greene Technology Center (representing 5.00% of the plan), which is a joint venture as described in Note 1, thus plan amounts are not included in the disclosures herein.

Benefits Provided. Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Retirement Plan are eligible to retire with an unreduced benefit at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 60 and vested or pursuant to the rule of 80. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic COLAs after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the CPI during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLAs, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Board of Education - Teacher Retirement Plan (Continued)

General Information about the Pension Plan (Continued)

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers contribute 5 percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4 percent, except for in years when the maximum funded level, as established by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the fiscal year ended June 30, 2017 to the Teacher Retirement Plan were \$57,441, which is 4 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the fiscal year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liabilities (Assets). At June 30, 2017, the Greeneville City Schools reported an asset of \$11,728 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2016, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. Greeneville City Schools' proportion of the net pension asset was based on Greeneville City Schools' share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2016 Greeneville City Schools' proportion was 0.118585 percent. The proportion measured as of June 30, 2015 was 0.085273 percent.

Pension Expense. For the fiscal year ended June 30, 2017, Greeneville City Schools recognized pension expense of \$9,745.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Board of Education - Teacher Retirement Plan (Continued)

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources. For the fiscal year ended June 30, 2017, Greeneville City Schools reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences Between Expected and Actual Experience	\$ 1,136	1,352
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,920	-
Changes in Proportion of Net Pension Liability (Asset)	-	887
Contributions Subsequent to the Measurement Date of June 30, 2016	57,441	-
	<u>\$ 60,497</u>	<u>2,239</u>

Greeneville City Schools' employer contributions of \$57,441 reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase of net pension liability (asset) in the fiscal year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2018	\$ 401
2019	401
2020	401
2021	309
2022	(103)
Thereafter	(592)
Total	<u>\$ 817</u>

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Board of Education - Teacher Retirement Plan (Continued)

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Actuarial Assumptions. The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary Increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.5 percent

Mortality rates are customized based on the June 30, 2012 actuarial experience study and included an adjustment for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2015 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation of 3 percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the table on the following page.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Board of Education - Teacher Retirement Plan (Continued)

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. Equity	6.46%	33%
Developed Market International Equity	6.26%	17%
Emerging Market International Equity	6.40%	5%
Private Equity Strategic Lending	4.61%	8%
U.S. Fixed Income	0.98%	29%
Real Estate	4.73%	7%
Short-term Securities	0.00%	1%
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described below.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the all LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate.

The following presents Greeneville City Schools' proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what Greeneville City Schools' proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1.00% Decrease (6.5%)	Current Discount Rate (7.5%)	1.00% Increase (8.50%)
Proportionate Share of the Net Pension Liability (Asset)	\$ 5,539	(11,728)	(24,449)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Board of Education - Teacher Retirement Plan (Continued)

Payable to the Pension Plan

At June 30, 2017, Greeneville City Schools reported a payable of \$4,165 for the outstanding amount of contributions to the pension plan required at the fiscal year ended June 30, 2017.

Town of Greeneville

General Information about the Pension Plan

Plan Description Employees of the Town of Greeneville are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs. As previously described, the non-certified employees of the Board of Education comprise 27.69% of the plan based on census data and current year contributions. This plan also includes employees of the Water and Light Commission (representing 15.06%), the Governmental Funds of the Town (other than the Board of Education) (representing 56.29%), the separate entity Greeneville-Greene County Landfill (representing 0.27%), and the separate entity Greeneville-Greene County Library (representing 0.69%). Thus, total primary government (Board of Education, Water and Light Commission, and other Town Governmental funds) represent 99.04%, and the separate entities represent 0.96% collectively.

Benefits Provided. Tennessee Code Annotated, Title 8, Chapters 34-37, establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic COLAs after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the CPI during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Town of Greeneville (Continued)

General Information about the Pension Plan (Continued)

Employees Covered by Benefit Terms. Employees covered by benefit terms include employees of the Town of Greeneville (including employees of the Water and Light Commission and non-certified employees of the Board of Education) as well as employees of the Greeneville-Greene County Library and the Greeneville-Greene County Landfill, entities described in Note 1. At the measurement date of June 30, 2016, the following employees were covered by the benefit terms:

Town of Greeneville

Inactive employees or beneficiaries currently receiving benefits	348
Inactive employees entitled to but not yet receiving benefits	233
Active employees	345
	<hr/>
	926
	<hr/>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees of the plan are non-contributory. The Agent plan of the Town of Greeneville, which includes employees of the Water and Light Commission, certain employees of the Board of Education, and employees of the Landfill and Library, makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the fiscal year ended June 30, 2017, the employer contributions for the Town were \$2,127,183 based on a rate of 15 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the Town of Greeneville's state shared taxes if required employer contributions are not remitted. The employer's ADC and member contributions are expected to finance the costs of benefits earned by members during the fiscal year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

The Town of Greeneville's net pension liability (asset) was measured as a June 30, 2016, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Town of Greeneville (Continued)

Net Pension Liability (Asset) (Continued)

Actuarial Assumptions. The total pension liability as of June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.5 percent

Mortality rates were based on actual experience from the June 30, 2012 actuarial experience study adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2016 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation of 3 percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Town of Greeneville (Continued)

Net Pension Liability (Asset) (Continued)

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. Equity	6.46%	33%
Developed Market International Equity	6.26%	17%
Emerging Market International Equity	6.40%	5%
Private Equity Strategic Lending	4.61%	8%
U.S. Fixed Income	0.98%	29%
Real Estate	4.73%	7%
Short-term Securities	0.00%	1%
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blend of the three factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the Town of Greeneville will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive member. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Town of Greeneville (Continued)

Changes in Net Pension Liability (Asset)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balance at 6/30/2015	\$ 66,624,416	63,635,514	2,988,902
Changes for the year:			
Service Cost	990,581	-	990,581
Interest	4,935,629	-	4,935,629
Differences Between Actual and Expected Experience	90,694	-	90,694
Contributions - Employer	-	1,967,245	(1,967,245)
Net Investment Income	-	1,665,678	(1,665,678)
Benefit payments, including refunds of employee contributions	(3,613,221)	(3,613,221)	-
Administrative Expense	-	(26,268)	26,268
Net changes	<u>2,403,683</u>	<u>(6,566)</u>	<u>2,410,249</u>
Balance at 6/30/2016	<u>\$ 69,028,099</u>	<u>63,628,948</u>	<u>5,399,151</u>

The Agent plan includes employees of the Water and Light Commission, certain employees of the Board of Education, and employees of the Landfill and Library (the Agent plan of the Town of Greeneville). Allocation of the Agent Plan of the Town of Greeneville's Changes in Net Pension Liability (Asset) were based upon census data and current year TCRS contributions:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	\$ 68,507,593	63,157,299	5,350,294
Greeneville-Greene County Landfill	200,144	184,955	15,189
Greeneville-Greene County Library	<u>320,362</u>	<u>286,694</u>	<u>33,668</u>
	<u>\$ 69,028,099</u>	<u>63,628,948</u>	<u>5,399,151</u>

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Town of Greeneville (Continued)

Changes in Net Pension Liability (Asset) (Continued)

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of the Agent plan of the Town of Greeneville using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.5 percent) or 1-percentage point higher (8.5 percent) than the current rate:

	1.00% Decrease (6.5%)	Current Discount Rate (7.5%)	1.00% Increase (8.50%)
Net Pension Liability (Asset)	\$ 13,842,105	5,399,151	(1,694,820)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Expense. For the fiscal year ended June 30, 2017, the Agent plan of the Town of Greeneville recognized pension expense of \$1,223,867.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the fiscal year ended June 30, 2017, the Agent plan of the Town of Greeneville reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 72,555	603,988
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,100,621	-
Contributions Subsequent to the Measurement Date of June 30, 2016	2,127,183	-
	<u>\$ 4,300,359</u>	<u>603,988</u>

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Town of Greeneville (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Allocation of the Agent Plan of the Town of Greeneville's Deferred Outflows of Resources and Deferred Inflows of Resources based upon census data and current year TCRS contributions:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 4,258,855	597,428
Greeneville-Greene County Landfill	12,433	2,392
Greeneville-Greene County Library	29,071	4,168
	<u>\$ 4,300,359</u>	<u>603,988</u>

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2016," will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Amounts reported by the Agent plan of the Town of Greeneville as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2018	\$ (18,657)
2019	(18,657)
2020	979,508
2021	626,994
2022	-
Thereafter	-

Payable to the Pension Plan

At June 30, 2017, Board of Education, a component of the Agent plan of the Town of Greeneville, reported a payable of \$112,117 for the outstanding amount of contributions to the pension plan required at the fiscal year ended June 30, 2017.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Light and Power System

General Information about the Pension Plan

Plan Description. Employees of the Greeneville Light & Power System are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer defined benefit pension plan administered by TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of credit service. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and nonservice related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Employees Covered by Benefit Terms. At the measurement date of June 30, 2016, the following employees were covered by the benefits terms:

Inactive employees or beneficiaries currently receiving benefits	54
Inactive employees entitled to but not yet receiving benefits	14
Active employees	81
	<hr/>
	149
	<hr/>

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Light and Power System (Continued)

General Information about the Pension Plan (Continued)

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. The System makes employer contributions at the rate set by the Board of Trustees as determined by actuarial valuation. For the fiscal year ended June 30, 2017, employer contributions for the System were \$918,750 based on a rate of 15.00 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the System's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contributions (ADC) are expected to finance the benefits earned by members during the fiscal year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Valuation Date. The Light and Power System's net pension liability (asset) was measured as a June 30, 2016, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability as of June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of pension plan investment expenses, including inflation

Mortality rates were based on actual experience from the June 30, 2012 actuarial experience study adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2016 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Light and Power System (Continued)

Net Pension Liability (Asset) (Continued)

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation of 3 target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. Equity	6.46%	33%
Developed Market International Equity	6.26%	17%
Emerging Market International Equity	6.40%	5%
Private Equity Strategic Lending	4.61%	8%
U.S. Fixed Income	0.98%	29%
Real Estate	4.73%	7%
Short-term Securities	0.00%	1%
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blend of the three factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the Light and Power System will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive member. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Light and Power System (Continued)

Changes in Net Pension Liability (Asset)

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balance at 6/30/2015	\$ 20,105,893	17,456,412	2,649,481
Changes for the year:			
Service Cost	352,012	-	352,012
Interest	1,494,125	-	1,494,125
Differences Between Actual and Expected Experience	510,983	-	510,983
Contributions - Employer	-	780,260	(780,260)
Net Investment Income	-	459,047	(459,047)
Benefit payments, including refunds of employee contributions	(1,072,485)	(1,072,485)	-
Administrative Expense	-	(6,128)	6,128
Net changes	<u>1,284,635</u>	<u>160,694</u>	<u>1,123,941</u>
Balance at 6/30/2016	<u>\$ 21,390,528</u>	<u>17,617,106</u>	<u>3,773,422</u>

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of the Light and Power System calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.5 percent) or 1-percentage point higher (8.5 percent) than the current rate:

	1.00% Decrease (6.5%)	Current Discount Rate (7.5%)	1.00% Increase (8.50%)
Net Pension Liability (Asset)	\$ 6,432,880	3,773,422	1,526,148

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Expense. For the fiscal year ended June 30, 2017, the Light and Power System recognized pension expense of \$721,668.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Light and Power System (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources. For the fiscal year ended June 30, 2017, the Light and Power System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 637,888	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	586,907	-
Contributions Subsequent to the Measurement Date of June 30, 2016	918,750	-
	<u>\$ 2,143,545</u>	<u>0</u>

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2016," will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2018	\$ 167,446
2019	167,446
2020	435,622
2021	284,934
2022	96,354
Thereafter	72,993
Total	<u>\$ 1,224,795</u>

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Light and Power System (Continued)

Payable to the Pension Plan

At June 30, 2017, the Light and Power System reported a payable of \$79,944 for the outstanding amount of contributions to the pension plan required at the fiscal year ended June 30, 2017.

NOTE 16 - COMMITMENTS AND CONTINGENCIES

Pending Litigation

The Town is the defendant in lawsuits arising principally in the normal course of operations. In the opinion of management and attorneys consulted, the outcome of these lawsuits will not have a material adverse effect on the accompanying financial statements and accordingly, no provision for losses has been recorded.

The Water and Light Commission is involved in other litigation but does not believe there could be a significant impact on its financial position. No provision for loss has been included in the financial statements.

Other Commitments and Contingencies

The Town and Greene County operate the Greeneville-Greene County Landfill as a joint venture. The operations of the Landfill are accounted for in an enterprise fund and a separate report has been issued as of and for the fiscal year ended June 30, 2017. The Landfill's financial statements reflect a liability for future closure and postclosure care costs of \$1,380,620. The Town will be responsible for one half of any closure and postclosure costs for which the Landfill does not have adequate funds.

The Water and Light Commission has contractual agreements with the Glen Hills, Old Knoxville Highway, Chuckey, and Cross Anchor Utility Districts and the Town of Mosheim to sell water to them at the Water and Light Commission's current inside rates. The contracts are generally for 20 years; however, the Chuckey and Cross Anchor contracts include an early termination option of 10 years with a 5 year written notice.

The Light and Power System has allocated \$870,000 of its reserves to advance as needed to the Industrial Park Agency, the Town of Greeneville/Greene County Board which is developing Phase II of the Mt. Pleasant Industrial Park and Hardin Industrial Complex. The funds are to be repaid without interest to the Light and Power System as developed property is sold or as development expenses are recovered through grant proceeds received by the Agency. As of June 30, 2017, \$625,065 of the allocation had been expended but not reimbursed, and represents a receivable due from the Industrial Park Agency.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 16 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

Other Commitments and Contingencies (Continued)

Also, the Town of Greeneville has committed funds for improvements to and/or construction of the Greeneville Middle School and the Greeneville High School, as discussed in Note 8.

The Town has approximately \$54,000 outstanding commitments, excluding interest, on contracts for public safety equipment in addition to liabilities already recorded as leases.

The Water and Light Commission continues to work on the updates at the raw water intake using the grant from the U.S. Department of Commerce's Economic Development Administration (EDA). The project is ongoing at June 30, 2017 with costs to date of approximately \$2.6 million for both division 1 and 2, with division 2 being partially reimbursed by the grant. The cost of the project is \$5,936,459, with \$1,205,000 to be paid by the grant and the remainder by the Water and Light Commission. The Commission has utilized \$636,233 of the grant as of June 30, 2017. The estimated completion date for the project is September 2018.

NOTE 17 - RISK MANAGEMENT

The Town, including but not limited to the Board of Education, Light and Power System, and Water and Light Commission, is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries certain insurance coverage through the Tennessee Municipal League (TML) Risk Management Pool. There was no reduction in insurance coverage from the prior year, and settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

In addition, the Town provides medical insurance to employees, as well as post-employment health care benefits through a partially self-funded health insurance plan and maintains a self-insured reserve of fund balance, as described in Note 1. Participants in the plan pay premiums as determined by the Town to offset a portion of the cost of the plan. The participants pay 100% of claims up to \$500/\$1,000 for individual/family plans, respectively. The Town pays 80% of claims up to \$1,500/\$3,000 and 100% of the amount exceeding \$1,500/\$3,000 for individual/family plans, respectively.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 17 - RISK MANAGEMENT (CONTINUED)

A reconciliation of claims for the fiscal years ended June 30, 2017 and 2016 are as follows:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Claims Accrued, Beginning	\$ 108,785	\$ 111,437
Claims Incurred	376,070	1,997,073
Claims Paid	<u>(348,529)</u>	<u>(1,999,725)</u>
Claims Accrued, Ending	<u><u>\$ 136,326</u></u>	<u><u>108,785</u></u>

The total paid during the fiscal years included payments for claims incurred in previous years. The Town also has stop-loss insurance coverage for excess medical liabilities. For the fiscal year ended June 30, 2017, reimbursements received under the excess coverage were \$46,746. For the fiscal year ended June 30, 2016, reimbursements received under the excess coverage were \$52,988. For the fiscal year ended June 30, 2015, reimbursements received under the excess coverage were \$233,152.

NOTE 18 - CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject the Light and Power System to concentrations of credit risk consist primarily of customer accounts receivable and cash. Management of the Light and Power System and Water and Light Commission does not believe cash is subject to significant risk, as all deposits are guaranteed either by federal deposit insurance or through bank participation in the Tennessee Bank Collateral Pool. The Light and Power System requires a deposit if a customer is considered a credit risk and therefore, management does not believe significant credit risk for accounts receivable exists at June 30, 2017.

See Note 4 for concentration of credit risk of investments disclosure for governmental activities.

NOTE 19 - POWER CONTRACT

The Light and Power System has a power contract with the TVA whereby the System purchases most of its electric power from TVA and is subject to certain restrictions and conditions as provided in the contract. The System has a supplemental agreement with the TVA that allows the System to purchase up to 5% of its power from other sources.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 20 - TVA HOME INSULATION PROGRAM

Under a contract with the Tennessee Valley Authority, the Light and Power System participated in a home insulation program providing for advances to qualified customers for installing heat pumps in their homes to TVA specifications. Funds for advances to customers were provided from financial institution advances to the System. Customer repayments are remitted to the applicable financial institution by the System.

NOTE 21 - INCOME TAX STATUS

The Light and Power System is a nonprofit organization and is exempt from federal income tax under Internal Revenue Code Section 501(c)(12).

NOTE 22 - RELATED PARTY TRANSACTIONS

The Town offers self-insurance coverage to certain related parties. Claims for the Greeneville-Greene County Library and the Greeneville-Greene County Landfill for the fiscal year ended June 30, 2017 are included in the Town's coverage.

During the fiscal year June 30, 2017, the Town appropriated the following amounts, in addition to any funding related to long-term debt, to the various joint ventures and jointly governed entities in which the Town jointly operates with Greene County:

Greeneville-Greene County Airport Authority	\$ 30,380
Greeneville-Greene County Library (Component Unit of Greene County)	86,000
Greene Technology Center	111,365

Greene Technology Center is a related party as a result of shared directors from the Town's Board of Education and Greene County's Board of Education. Financial transactions are discussed in Note 1.

NOTE 23 - ECONOMIC DEPENDANCY

The Town depends on financial resources flowing from, or associated with, both the federal government and the State of Tennessee. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and state laws and federal and state appropriations.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 24 - PRIOR PERIOD ADJUSTMENTS

During the fiscal year ended June 30, 2017, the Town posted a prior period adjustment increasing the State Street Aid Fund's fund balance and government-wide net position by \$62,622 to record grant funds reimbursed in current year that were expended in prior years and previously not considered a collectible reimbursement.

In addition, during the fiscal year ended June 30, 2017, the Town had a prior period adjustment increasing the government-wide net position by a net of \$5,384 to record a net capital asset purchased in prior years.

NOTE 25 - SUBSEQUENT EVENTS

Joint Ventures and Jointly Governed Entities

Subsequent to the year ended June 30, 2017, the joint venture agreement with Greene County for the Kinser Park Commission was terminated and the Town's interest in the assets of the Kinser Park Commission was transferred to Greene County, thus dissolving the Town of further involvement. This change did not affect the Town's amounts reported in Note 1 for the year ended June 30, 2017.

Subsequent to the year ended June 30, 2017, Greene County voted to terminate the joint venture agreement pertaining to the Greeneville-Greene County Airport Authority. Greene County reported that they intend to transfer Greene County's one-half interest in the Authority to the Town, conditioned on the Town satisfying any and all debts, obligations, and liabilities of the authority and releasing Greene County from any obligations. The Town has not yet accepted or finalized arrangements. This change did not affect the Town's amounts reported in Note 1 for the year ended June 30, 2017. In addition, the Authority requested additional appropriations from the Town and County subsequent to year-end to assist in paying the March 1, 2018 payment due for the Authority's note payable due to the Town for the related debt on the Town's books. The Authority, Town, and County paid approximately \$11,000, \$10,000, and \$10,000, respectively, to fund the March 1, 2018 payment.

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED
RATIOS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS
PRIMARY GOVERNMENT
Last Fiscal Year Ending June 30

	2014	2015	2016
TOTAL PENSION LIABILITY			
Service Cost	\$ 939,921	966,722	981,071
Interest	4,637,673	4,795,955	4,888,247
Changes in Benefit Terms	-	-	-
Differences Between Actual and Expected Experience	(8,958)	(992,024)	89,823
Change of Assumptions	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(3,283,197)	(3,465,995)	(3,578,960)
NET CHANGE IN TOTAL PENSION LIABILITY	2,285,439	1,304,658	2,380,181
TOTAL PENSION LIABILITY - BEGINNING	62,537,315	64,822,754	66,127,412
TOTAL PENSION LIABILITY - ENDING (a)	\$ 64,822,754	66,127,412	68,507,593
 PLAN FIDUCIARY NET POSITION			
Contributions - Employer	\$ 1,893,614	1,888,313	1,948,359
Contributions - Employee	156	-	-
Net Investment Income	9,033,855	1,908,828	1,649,687
Benefit Payments, Including Refunds of Employee Contributions	(3,283,197)	(3,465,995)	(3,578,534)
Administrative Expense	(15,463)	(17,238)	(26,443)
NET CHANGE IN TOTAL PENSION LIABILITY	7,628,965	313,908	(6,931)
PLAN FIDUCIARY NET POSITION - BEGINNING	55,221,357	62,850,322	63,164,230
PLAN FIDUCIARY NET POSITION - ENDING (b)	\$ 62,850,322	63,164,230	63,157,299
 NET PENSION LIABILITY - ENDING (a) - (b)	\$ 1,972,432	2,963,182	5,350,294
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL PENSION LIABILITY	96.96%	95.52%	92.19%
COVERED PAYROLL	\$ 12,457,977	12,604,633	13,002,006
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	15.83%	23.51%	41.15%

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

Note: data presented includes the primary government and excludes the Greeneville-Greene County Landfill (joint venture with Greene County) and Greeneville-Greene County Library, a discretely presented component unit of Greene County.

See Independent Auditors' Report.

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION
IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS
PRIMARY GOVERNMENT
Last Fiscal Year Ending June 30

	2014	2015	2016	2017
Actuarially Determined Contribution	\$ 1,952,991	1,953,061	1,950,130	2,106,886
Contributions in Relation to the Actuarially Determined Contribution	1,952,991	1,953,061	1,950,130	2,106,886
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 12,457,977	\$ 12,604,633	\$ 13,002,006	\$ 13,114,393
Contributions as a Percentage of Covered Payroll	15.68%	15.49%	15.00%	16.07%

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

Note: Data presented includes the primary government and excludes the Greeneville-Greene County Landfill (joint venture with Greene County) and Greeneville-Greene County Library, a discretely presented component unit of Greene County.

See Independent Auditors' Report.

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY (ASSET) OF THE
TEACHER LEGACY PENSION PLAN OF TCRS
GREENEVILLE BOARD OF EDUCATION
Fiscal Year Ended June 30

	2014	2015	2016
PROPORTION OF THE NET PENSION LIABILITY (ASSET)	0.326602%	0.341147%	0.350024%
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)	\$ (50,417)	\$ 132,761	\$ 2,078,022
COVERED PAYROLL	\$ 12,178,167	\$ 12,132,307	\$ 12,003,427
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF COVERED PAYROLL	-0.41%	1.09%	17.31%
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	100.08%	99.81%	97.14%

*GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

See Independent Auditors' Report.

**TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF CONTRIBUTIONS
TEACHER LEGACY PENSION PLAN OF TCRS
GREENEVILLE BOARD OF EDUCATION
Fiscal Year Ended June 30**

	2014	2015	2016	2017
Contractually required	\$ 1,081,420	\$ 1,096,760	\$ 1,109,125	\$ 1,066,678
Contributions in Relation to the contractually required contribution	1,081,420	1,096,760	1,109,125	1,066,678
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 12,178,167	\$ 12,132,307	\$ 12,003,427	\$ 11,799,535
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.24%	9.04%

*GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

See Independent Auditors' Report.

**TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF PROPORTIONATE
SHARE OF THE NET PENSION ASSET OF THE
TEACHER RETIREMENT PLAN OF TCRS
GREENEVILLE BOARD OF EDUCATION
Fiscal Year Ended June 30**

	2015	2016
PROPORTION OF THE NET PENSION LIABILITY (ASSET)	0.087070%	0.118585%
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)	\$ (3,328)	\$ (11,728)
COVERED PAYROLL	\$ 171,864	\$ 495,689
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF COVERED PAYROLL	-1.94%	-2.37%
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY (ASSET)	127.46%	121.88%

*GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

See Independent Auditors' Report.

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION
IN THE TEACHER RETIREMENT PLAN OF TCRS
GREENEVILLE BOARD OF EDUCATION
Fiscal Year Ended June 30

	2015	2016	2017
Contractually required	\$ 4,297	\$ 12,408	\$ 57,441
Contributions in Relation to the contractually required contribution	6,874	19,827	57,441
Contribution Deficiency (Excess)	<u>\$ (2,577)</u>	<u>\$ (7,419)</u>	<u>\$ 0</u>
 Covered Payroll	 \$ 171,864	 \$ 495,689	 \$ 1,436,029
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%

*GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

See Independent Auditors' Report.

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED
RATIOS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS
GREENEVILLE LIGHT AND POWER SYSTEM
Last Fiscal Year Ending June 30

	2014	2015	2016
TOTAL PENSION LIABILITY			
Service Cost	\$ 345,910	342,627	352,012
Interest	1,356,076	1,425,504	1,494,125
Changes in Benefit Terms	-	-	-
Differences Between Actual and Expected Experience	145,469	163,489	510,983
Change of Assumptions	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(857,278)	(979,643)	(1,072,485)
NET CHANGE IN TOTAL PENSION LIABILITY	990,177	951,977	1,284,635
TOTAL PENSION LIABILITY - BEGINNING	18,163,739	19,153,916	20,105,893
TOTAL PENSION LIABILITY - ENDING (a)	\$ 19,153,916	20,105,893	21,390,528
 PLAN FIDUCIARY NET POSITION			
Contributions - Employer	\$ 741,815	755,061	780,260
Contributions - Employee	-	-	-
Net Investment Income	2,448,703	524,993	459,047
Benefit Payments, Including Refunds of Employee Contributions	(857,278)	(979,643)	(1,072,485)
Administrative Expense	(3,754)	(4,070)	(6,128)
NET CHANGE IN TOTAL PENSION LIABILITY	2,329,486	296,341	160,694
PLAN FIDUCIARY NET POSITION - BEGINNING	14,830,585	17,160,071	17,456,412
PLAN FIDUCIARY NET POSITION - ENDING (b)	\$ 17,160,071	17,456,412	17,617,106
NET PENSION LIABILITY - ENDING (a) - (b)	\$ 1,993,845	2,649,481	3,773,422
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL PENSION LIABILITY	89.59%	86.82%	82.36%
COVERED PAYROLL	\$ 5,470,613	5,572,406	5,758,372
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL	36.45%	47.55%	65.53%

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

See Independent Auditors' Report.

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION
IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS
GREENEVILLE LIGHT AND POWER SYSTEM
Last Fiscal Year Ending June 30

	2014	2015	2016	2017
Actuarially Determined Contribution	\$ 741,815	755,061	780,260	829,937
Contributions in Relation to the Actuarially Determined Contribution	741,815	755,061	780,260	918,750
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>(88,813)</u>
Covered Payroll	\$ 5,470,613	5,572,406	5,758,372	6,124,999
Contributions as a Percentage of Covered Payroll	13.56%	13.55%	13.55%	15.00%

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

See Independent Auditors' Report.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Valuation date: Actuarially determined contribution rates for 2017 were calculated based on the July 1, 2015 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Frozen initial liability
Amortization Method	Level dollar, closed (not to exceed 20 years)
Remaining Amortization Period	Varies by year
Asset Valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	3.00%
Salary Increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation
Investment Rate of Return	7.50 percent, net of investment expense, including inflation
Retirement Age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	2.50 percent

See Independent Auditors' Report.

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF FUNDING PROGRESS OF OTHER POST EMPLOYMENT
BENEFITS OTHER THAN PENSIONS
For the Fiscal Year Ended June 30, 2017

Town of Greeneville

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2016	\$ 0	\$ 6,005,819	\$ 6,005,819	0.0%	\$ 6,203,164	96.82%
July 1, 2014	\$ 0	\$ 4,056,479	\$ 4,056,479	0.0%	\$ 6,137,880	66.09%
July 1, 2012	\$ 0	\$ 4,384,000	\$ 4,384,000	0.0%	\$ 6,265,000	69.98%

Greeneville Light and Power System

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2014	\$ 0	\$ 15,916,000	\$ 15,916,000	0.0%	\$ 4,177,000	381.04%
July 1, 2011	\$ 0	\$ 16,379,000	\$ 16,379,000	0.0%	\$ 4,406,000	371.74%
February 1, 2008	\$ 0	\$ 18,812,000	\$ 18,812,000	0.0%	\$ 4,300,000	437.49%

Board of Education - Teacher Group

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2015	\$ 0	\$ 2,866,000	\$ 2,866,000	0.0%	\$ 15,754,000	18.19%
July 1, 2013	\$ 0	\$ 972,000	\$ 972,000	0.0%	\$ 15,182,000	6.40%
July 1, 2011	\$ 0	\$ 1,543,000	\$ 1,543,000	0.0%	\$ 14,988,000	10.29%

See Independent Auditors' Report.

SUPPLEMENTAL INFORMATION
SECTION

TOWN OF GREENEVILLE, TENNESSEE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2017

	Special Revenue Funds						Total
	Federal Projects Fund	School Nutrition Fund	Extended School Program	State Street Aid Fund	Community Development Fund	Municipal Solid Waste Fund	Nonmajor Governmental Funds
ASSETS							
Cash and Cash Equivalents	\$ -	305,064	32,234	1,942,660	167,890	836,618	3,328,757
Certificates of Deposit - Long-Term	-	-	-	197,975	-	-	197,975
Due from Other Governments	364,601	-	-	72,471	-	-	437,072
Accounts Receivable	-	11,762	3,729	-	-	109,952	125,443
Inventories	-	57,234	-	-	-	-	57,234
TOTAL ASSETS	\$ 364,601	374,060	35,963	2,213,106	167,890	946,570	4,146,481
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts Payable	\$ 209	490	963	390,828	1,000	13,560	407,175
Accrued Expenses	364,392	-	-	-	-	15,176	380,285
TOTAL LIABILITIES	364,601	490	963	390,828	1,000	28,736	787,460
FUND BALANCES							
Nonspendable	-	57,234	-	-	-	-	57,234
Restricted	-	316,336	-	1,822,278	-	-	2,138,614
Assigned	-	-	35,000	-	166,890	917,834	1,163,173
TOTAL FUND BALANCES	0	373,570	35,000	1,822,278	166,890	917,834	3,359,021
TOTAL LIABILITIES AND FUND BALANCES	\$ 364,601	374,060	35,963	2,213,106	167,890	946,570	4,146,481

See Independent Auditors' Report.

TOWN OF GREENEVILLE, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2017

	Special Revenue Funds							Total Nonmajor Governmental Funds
	Federal Projects Fund	School Nutrition Fund	Extended School Program	State Street Aid Fund	Community Development Fund	Municipal Solid Waste Fund	Parking Fund	
REVENUES								
Intergovernmental	\$ 1,779,795	1,063,857	8,580	416,892	60,344	-	-	3,329,468
Charges for Services	-	478,840	78,025	-	-	1,130,684	49,521	1,737,070
Investment Income	-	-	-	1,387	-	-	-	1,387
Other Revenues	-	29,493	801	-	-	-	-	30,294
TOTAL REVENUES	1,779,795	1,572,190	87,406	418,279	60,344	1,130,684	49,521	5,098,219
EXPENDITURES								
Current								
Education	1,779,795	-	103,368	-	-	-	-	1,883,163
Public Works	-	-	-	-	-	1,961,486	67,436	2,028,922
School Nutrition	-	1,557,177	-	-	-	-	-	1,557,177
Community Development	-	-	-	-	60,344	-	-	60,344
Capital Outlay	-	-	-	500,000	-	-	-	500,000
TOTAL EXPENDITURES	1,779,795	1,557,177	103,368	500,000	60,344	1,961,486	67,436	6,029,606
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	15,013	(15,962)	(81,721)	-	(830,802)	(17,915)	(931,387)
OTHER FINANCING SOURCES (USES)								
Transfers In	-	-	-	-	-	940,872	10,000	950,872
NET CHANGE IN FUND BALANCE	-	15,013	(15,962)	(81,721)	-	110,070	(7,915)	19,485
FUND BALANCE - BEGINNING	-	358,557	50,962	1,841,377	166,890	807,764	51,364	3,276,914
Prior Period Adjustment	-	-	-	62,622	-	-	-	62,622
FUND BALANCES - BEGINNING - RESTATED	0	358,557	50,962	1,903,999	166,890	807,764	51,364	3,339,536
FUND BALANCES - ENDING	\$ 0	373,570	35,000	1,822,278	166,890	917,834	43,449	3,359,021

See Independent Auditors' Report.

TOWN OF GREENEVILLE, TENNESSEE
FEDERAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
REVENUES				
Federal Funds through State	\$ 1,911,360	2,271,814	1,779,795	(492,019)
TOTAL REVENUES	1,911,360	2,271,814	1,779,795	(492,019)
EXPENDITURES				
Current - Regular Instruction				
Salaries	1,319,423	1,455,682	1,248,340	207,342
Employee Benefits	326,884	340,569	308,682	31,887
Contracted Services	13,170	79,746	14,668	65,078
Materials and Supplies	122,790	161,418	111,830	49,588
Staff Development	47,893	152,324	71,510	80,814
Equipment	25,655	19,250	6,943	12,307
Other	55,545	62,825	17,822	45,003
TOTAL EXPENDITURES	1,911,360	2,271,814	1,779,795	492,019
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
FUND BALANCE - BEGINNING	0	0	0	0
FUND BALANCES - ENDING	\$ 0	0	0	0

See Independent Auditors' Report.

**TOWN OF GREENEVILLE, TENNESSEE
SCHOOL NUTRITION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
REVENUES				
Federal Funds	\$ 1,047,386	1,047,386	1,050,601	3,215
State of Tennessee	13,000	13,000	13,256	256
Charges for Services	472,250	472,250	478,840	6,590
Other Revenue	39,510	39,510	29,493	(10,017)
TOTAL REVENUES	1,572,146	1,572,146	1,572,190	44
EXPENDITURES				
Current				
Salaries	588,158	588,158	536,060	52,098
Employee Benefits	236,379	236,379	225,303	11,076
Food Service	682,372	682,372	710,937	(28,565)
Contracted Services	9,279	9,279	12,677	(3,398)
Equipment	52,000	52,000	41,084	10,916
Supplies	4,881	4,881	14,973	(10,092)
Travel	500	500	693	(193)
Other	18,578	18,578	15,450	3,128
TOTAL EXPENDITURES	1,592,147	1,592,147	1,557,177	34,970
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(20,001)	(20,001)	15,013	35,014
FUND BALANCE - BEGINNING	358,557	358,557	358,557	0
FUND BALANCES - ENDING	\$ 338,556	338,556	373,570	35,014

See Independent Auditors' Report.

**TOWN OF GREENEVILLE, TENNESSEE
EXTENDED SCHOOL PROGRAM FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
REVENUES				
Federal Funds	\$ 10,000	10,000	8,580	(1,420)
Charges for Services	111,971	111,971	78,025	(33,946)
Other Revenue	2,100	2,100	801	(1,299)
TOTAL REVENUES	124,071	124,071	87,406	(36,665)
EXPENDITURES				
Current				
Salaries	90,912	90,912	70,305	20,607
Employee Benefits	18,501	18,501	15,440	3,061
Food Service	5,500	5,500	5,592	(92)
Supplies	2,658	2,658	814	1,844
Bad Debts	-	-	3,113	(3,113)
Travel	2,900	2,900	1,319	1,581
Other	3,600	3,600	6,785	(3,185)
TOTAL EXPENDITURES	124,071	124,071	103,368	20,703
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(15,962)	(15,962)
FUND BALANCE - BEGINNING	50,962	50,962	50,962	0
FUND BALANCES - ENDING	\$ 50,962	50,962	35,000	(15,962)

See Independent Auditors' Report.

TOWN OF GREENEVILLE, TENNESSEE
STATE STREET AID FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
REVENUES				
Intergovernmental	\$ 397,664	397,664	416,892	19,228
Investment Income	1,119	1,119	1,387	268
TOTAL REVENUES	398,783	398,783	418,279	19,496
EXPENDITURES				
Current				
Materials	398,783	398,783	-	398,783
Capital Outlay	500,000	500,000	500,000	-
TOTAL EXPENDITURES	898,783	898,783	500,000	398,783
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(500,000)	(500,000)	(81,721)	418,279
FUND BALANCE - BEGINNING	1,841,377	1,841,377	1,841,377	-
Prior Period Adjustment	-	-	62,622	62,622
FUND BALANCES - BEGINNING - RESTATED	1,841,377	1,841,377	1,903,999	62,622
FUND BALANCES - ENDING	\$ 1,341,377	1,341,377	1,822,278	480,901

See Independent Auditors' Report.

**TOWN OF GREENEVILLE, TENNESSEE
MUNICIPAL SOLID WASTE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
REVENUES				
Garbage Fees	\$ 820,050	820,050	798,176	(21,874)
Pull/Rental Charges	280,000	15,000	315,854	300,854
Toter/Container Sales	15,000	12,500	14,880	2,380
Other Income	-	198,000	1,774	(196,226)
TOTAL REVENUES	1,115,050	1,115,050	1,130,684	85,134
EXPENDITURES				
Current				
Salaries	670,228	670,228	730,946	(60,718)
Fringe Benefits	420,063	420,063	410,539	9,524
Contracts	697,801	697,801	476,410	221,391
Operation of Motor Vehicles	230,000	230,000	174,156	55,844
Supplies and Other	167,830	167,830	169,435	(1,605)
TOTAL EXPENDITURES	2,185,922	2,185,922	1,961,486	224,436
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,070,872)	(1,070,872)	(830,802)	309,570
OTHER FINANCING SOURCES (USES)				
Transfers In	1,070,872	1,070,872	940,872	130,000
NET CHANGE IN FUND BALANCE	-	-	110,070	439,570
FUND BALANCE - BEGINNING	807,764	807,764	807,764	-
FUND BALANCES - ENDING	\$ 807,764	807,764	917,834	439,570

See Independent Auditors' Report.

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2017

<u>Federal Grantor/ Pass-Through Grantor/Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Balance June 30, 2016</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Balance June 30, 2017</u>	<u>Passed Through to Subrecipients</u>
BOARD OF EDUCATION FUNDS							
U.S. Department of Health and Human Services Passed Through State of Tennessee Department of Education Head Start	93.600	[1]	\$ -	24,334	(24,334)	-	-
U.S. Department of Health and Human Services Passed Through Upper East Tennessee Human Development Agency Child Care Assistance	93.575	[1]	-	7,449	(7,449)	-	-
U.S. Department of Agriculture Food and Nutrition Service Child Nutrition Cluster School Breakfast Program	10.553	[1]	-	240,369	(240,369)	-	-
National School Lunch Program	10.555	[1]	-	690,665	(690,665)	-	-
Total Child Nutrition Cluster			-	931,034	(931,034)	-	-
Child and Adult Care Food Program	10.558	[1]	-	120,697	(120,697)	-	-
Total U.S. Department of Agriculture			0	1,051,731	(1,051,731)	0	0
U.S. Department of Education Passed Through State of Tennessee Department of Education Special Education Cluster Special Education - Grants to States (IDEA, Part B)	84.027	[1]	(81,871)	501,008	(567,436)	(148,299) *	-
IDEA Preschool	84.173	[1]	-	7,071	(7,763)	(692) *	-
Total Special Education Cluster			(81,871)	508,079	(575,199)	(148,991)	0
Adult Basic Education	84.002	[1]	(56,706)	56,706	-	-	-
NCLB, Title I	84.010	[1]	(80,699)	579,727	(567,142)	(68,114) *	-
Title IV, Part B - Rural Education	84.358	[1]	(5,587)	33,340	(35,085)	(7,332) *	-
Title III, Part A - English Language Acquisition	84.365	[1]	(8,571)	33,372	(43,764)	(18,963) *	33,296
Title II, Part A - Improving Teacher Quality	84.367	[1]	(13,202)	105,403	(98,960)	(6,759) *	-
21st Century Classroom - Community Learning Centers	84.287	[1]	(81,047)	351,134	(376,560)	(106,473) *	-
Passed Through State of Tennessee Department of Education and Greene County Board of Education Vocational Education - Perkins - Career Technical Education - Basic Grants to States	84.048	[1]	-	137,113	(137,113)	-	137,113
Total U.S. Department of Education			(327,683)	1,804,874	(1,833,823)	(356,632)	170,409

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2017

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-through Entity Identifying Number	Balance June 30, 2016	Cash Receipts	Expenditures	Balance June 30, 2017	Passed Through to Subrecipients
U.S. Department of Defense Junior ROTC - Language and Culture Training	12.357	[1]	-	52,115	(52,115)	-	-
Total Board of Education Funds			(327,683)	2,940,503	(2,969,452)	(356,632)	170,409
GENERAL FUND							
U.S. Department of Defense Passed Through State of Tennessee Department of General Services Section 1033 Excess Property Program - LESO	12.U01	N/A	-	389,004	(389,004)	-	-
U.S. Department of Justice Drug Enforcement Agency Organized Crime Drug Enforcement Bureau of Justice Assistance Edward Byrne Memorial Justice Assistance Grant Program (JAG)	16.U01	SE-TNE-0240(H)	-	6,047	(6,047)	-	-
Bulletproof Vest Partnership Program	16.738	[1]	-	14,822	(14,822)	-	-
Total U.S. Department of Justice	16.607	[1]	(4,229)	4,229	-	-	-
			(4,229)	25,098	(20,869)	0	0
U.S. Department of Transportation Federal Highway Planning and Construction Cluster Highway Planning and Construction (Federal-Aid Highway Program) Passed Through State of Tennessee Department of Transportation Fairgrounds Connector Road; Contract 110147 PIN #115881.00	20.205	STP-M-9104(15)	(397,980)	1,373,378	(975,398)	-	-
Historical Walkway, 30LPLM-F3-012, PIN #106933.03	20.205	STP-EN-9104(16)	(84,202)	216,583	(292,285)	(159,904) *	-
Total Highway Planning and Construction Cluster			(482,182)	1,589,961	(1,267,683)	(159,904)	0
U.S. Department of Homeland Security Assistance to Firefighters Grant	97.044	EMW-2014-FO-6250	60	22,249	(22,150)	159 *	-

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2017

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-through Entity Identifying Number	Balance June 30, 2016	Cash Receipts	Expenditures	Balance June 30, 2017	Passed Through to Subrecipients
U.S. Department of Health and Human Services Passed Through State of Tennessee Commission on Aging Passed Through First Tennessee Development District Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers - Roby Center	93.044	[1]	<u>(3,711)</u>	<u>30,807</u>	<u>(31,073)</u>	<u>(3,977) *</u>	<u>-</u>
Total General Fund			<u>(490,062)</u>	<u>2,057,119</u>	<u>(1,730,779)</u>	<u>(163,722)</u>	<u>0</u>
NONMAJOR FUNDS							
U.S. Department of Housing and Urban Development Passed Through State of Tennessee Housing Development Agency Home Investment Partnerships Program (CDBG HOME Grant)	14.239	[1]	<u>-</u>	<u>60,344</u>	<u>(60,344)</u>	<u>-</u>	<u>-</u>
Total Nonmajor Funds			<u>0</u>	<u>60,344</u>	<u>(60,344)</u>	<u>0</u>	<u>0</u>
WATER AND LIGHT COMMISSION							
U.S. Department of Commerce, Economic Development Administration Economic Adjustment Assistance Program: River Intake	11.307	04-79-06777	<u>(364,300)</u>	<u>358,387</u>	<u>(271,933)</u>	<u>(277,846) *</u>	<u>-</u>
Total Water and Light Commission			<u>(364,300)</u>	<u>358,387</u>	<u>(271,933)</u>	<u>(277,846)</u>	<u>0</u>
Total Primary Government			<u>\$ (1,182,045)</u>	<u>5,416,353</u>	<u>(5,032,508)</u>	<u>(798,200)</u>	<u>170,409</u>

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2017

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Town of Greeneville (primary government) under programs of the federal government for the fiscal year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Because the schedule presents only a selected portion of the operations of the Town of Greeneville, it is not intended to and does not present the financial position, changes in net position, or cash flows (as applicable) of the Town of Greeneville.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND INDIRECT COST RATE

Expenditures reported on the schedule are reported on the modified accrual basis of accounting, except for the expenses of the Section 1033 Excess Property Program, the Light and Power System, and the Water and Light Commission, which are reported on the accrual basis of accounting. Such expenditures/expenses are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Town elected not to use the 10% *de minimis* cost rate permitted under the Uniform Guidance, except for the Water and Light Commission which elected to use the permitted 10% *de minimis* cost rate.

NOTE 3 - FOOD DISTRIBUTION

Nonmonetary assistance of food distribution is reported in the schedule at the fair market value of the commodities received and disbursed.

NOTE 4 - DEPARTMENT OF DEFENSE CONTRIBUTIONS

Nonmonetary assistance of department of defense is reported in the schedule at the estimated fair market value of the property received and used.

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2017

NOTE 5 - DETAIL OF BOARD OF EDUCATION SUBRECIPIENTS

<u>Subrecipient</u>	<u>Program Title</u>	<u>Amount</u>
Greene Technology Center	Perkins	\$ 137,113
Bristol City Schools	Title III	2,996
Cocke County Schools	Title III	1,638
Greene County Schools	Title III	6,049
Hawkins County Schools	Title III	1,122
Kingsport City Schools	Title III	6,937
Roane County Schools	Title III	1,365
Unicoi County School	Title III	8,185
Union County Schools	Title III	1,478
Washington County Schools	Title III	3,526
		<hr/>
		\$ 170,409
		<hr/>

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

[1] = Information not available

* Receivable

** Unused Revenue

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Fiscal Year Ended June 30, 2017

Grantor Agency/Program Name	State Grant Number	Balance June 30, 2016	Cash Receipts	Expenditures	Balance June 30, 2017	
BOARD OF EDUCATION FUNDS						
Tennessee Department of Education						
Early Childhood	N/A	\$ (173,941)	477,844	(468,694)	(164,791)	*
Arts Student Ticket Subsidy	N/A	-	3,639	(3,639)	-	
ConnecTN	N/A	-	7,441	(7,441)	-	
School Safety	N/A	(71)	5,481	(14,620)	(9,210)	*
Coordinated School Health						
State Expansion	N/A	(18,291)	88,197	(95,000)	(25,094)	*
Basic Education Program	N/A	-	13,190,700	(13,190,700)	-	
Career Ladder	N/A	-	73,458	(73,458)	-	
Family Resource	N/A	-	40,402	(59,223)	(18,821)	*
Total Tennessee Department of Education		<u>(192,303)</u>	<u>13,887,162</u>	<u>(13,912,775)</u>	<u>(217,916)</u>	
Tennessee Department of Health						
Project Diabetes	N/A	-	27,368	(85,788)	(58,420)	*
Total Board of Education Funds		<u>(192,303)</u>	<u>13,914,530</u>	<u>(13,998,563)</u>	<u>(276,336)</u>	

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Fiscal Year Ended June 30, 2017

<u>Grantor Agency/Program Name</u>	<u>State Grant Number</u>	<u>Balance June 30, 2016</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Balance June 30, 2017</u>
GENERAL FUND					
Tennessee Commission on Aging Passed through First Tennessee Development District State Senior Center	N/A	(2,500)	14,000	(11,500)	-
Tennessee Department of Transportation Multimodal Access Project: Walters State	30LPM S3-016	<u>(16,031)</u>	<u>16,031</u>	<u>-</u>	<u>-</u>
Total General Fund		<u>(18,531)</u>	<u>30,031</u>	<u>(11,500)</u>	<u>0</u>
NONMAJOR FUNDS					
Tennessee Department of Environment and Conservation Clean Tennessee Energy Grant Program	43265	<u>-</u>	<u>125,000</u>	<u>(125,000)</u>	<u>-</u>
Total Nonmajor Funds		<u>0</u>	<u>125,000</u>	<u>(125,000)</u>	<u>0</u>
Total Primary Government		<u><u>\$ (210,834)</u></u>	<u><u>14,069,561</u></u>	<u><u>(14,135,063)</u></u>	<u><u>(276,336)</u></u>

* Receivable

** Unused Revenue

See Independent Auditors' Report

**TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF INTERFUND TRANSFERS
For the Fiscal Year Ended June 30, 2017**

Transfer From	Transfer To				
	General Fund	General Purpose School Fund	Municipal Solid Waste Fund	Parking Fund	Total
Light and Power System	\$ 1,374,860	-	-	-	1,374,860
General Purpose School Fund	388,632	-	-	-	388,632
General Fund	-	5,651,147	-	-	5,651,147
General Fund	-	-	940,872	-	940,872
General Fund	-	-	-	10,000	10,000
	<u>\$ 1,763,492</u>	<u>5,651,147</u>	<u>940,872</u>	<u>10,000</u>	<u>8,365,511</u>

The School Fund transferred funds to the General Fund as a reimbursement for the General Fund's payment of debt issued on behalf of the School Fund. The Light and Power System transferred monies for payment in lieu of taxes. The remaining transfers were for operating purposes.

See Independent Auditors' Report.

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF INCOME AND EXPENSE
WATER AND LIGHT COMMISSION
For the Fiscal Year Ended June 30, 2017

	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
Operating Revenue	\$ 6,230,970	3,945,552	10,176,522
Operating Expenses	<u>4,317,776</u>	<u>2,236,783</u>	<u>6,554,559</u>
Operating Income Before Depreciation	1,913,194	1,708,769	3,621,963
Depreciation	<u>810,592</u>	<u>694,387</u>	<u>1,504,979</u>
Operating Income	<u>1,102,602</u>	<u>1,014,382</u>	<u>2,116,984</u>
Non-Operating Income			
Interest Income	248	248	496
Grant Revenue	<u>271,933</u>	<u>-</u>	<u>271,933</u>
Non-Operating Income	<u>272,181</u>	<u>248</u>	<u>272,429</u>
Income	<u><u>\$ 1,374,783</u></u>	<u><u>1,014,630</u></u>	<u><u>2,389,413</u></u>

See Independent Auditors' Report.

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF OPERATING REVENUES - WATER
WATER AND LIGHT COMMISSION
For the Fiscal Year Ended June 30, 2017

OPERATING REVENUES

Water Revenues	
Water Sales	\$ 5,857,909
Miscellaneous Service Revenue	97,098
Water Tap Fees	75,800
Service Charges and Miscellaneous Water	68,738
Penalties	58,963
Fire Protection	52,624
Miscellaneous Revenues	19,838
Total Water Revenues	<u>6,230,970</u>
Wastewater Revenues	
Sewer Charges	3,828,631
Miscellaneous Revenue	71,175
Sewer Tap Fees	44,600
Miscellaneous Service Returns	1,146
Total Wastewater Revenues	<u>3,945,552</u>
TOTAL OPERATING REVENUES	<u><u>\$ 10,176,522</u></u>

See Independent Auditors' Report.

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF OPERATING EXPENSES - WATER
WATER AND LIGHT COMMISSION
For the Fiscal Year Ended June 30, 2017

OPERATING EXPENSES - WATER

Source of Supply Expenses	
Operating Labor	\$ 16,978
Operating Supplies and Expense	835
Maintenance of Plant	43,931
Total Source of Supply Expenses	<u>61,744</u>
Power and Pumping Expenses	
Power Purchased	791,965
Maintenance of Power and Pumping Equipment	12,747
Total Power and Pumping Expenses	<u>804,712</u>
Purification Expenses	
Purification Labor	280,672
Purification Supplies and Expense	455,328
Maintenance of Plant	228,240
Total Purification Expenses	<u>964,240</u>
Transmission and Distribution Expenses	
Maintenance of Mains	315,827
Maintenance of Other Distribution Plant	292,943
Other Services	22,068
Water Tap Expense	76,284
Total Transmission and Distribution Expenses	<u>707,122</u>
Maintenance and Meter Shop Expenses	
Salaries and Wages	104,515
Materials and Supplies	43,689
Maintenance of Buildings and Equipment	33,746
Utilities and Communications	11,080
Total Maintenance and Meter Shop Expenses	<u>193,030</u>
Customer Billing and Accounting Expenses	
Customer Services	71,903
Meter Reading	54,347
Billing and Accounting	115,736
Total Customer Billing and Accounting Expenses	<u>241,986</u>

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF OPERATING EXPENSES - WATER
WATER AND LIGHT COMMISSION
For the Fiscal Year Ended June 30, 2017

OPERATING EXPENSES - WATER (CONTINUED)

Administrative and General Expenses	
Employees' Welfare Expense and Pension	689,339
Salaries of General Office Employees	191,605
General Insurance	98,761
Payroll Taxes	90,126
Miscellaneous Expense	53,065
General Office Supplies and Expense	69,489
Special Services	113,487
Utilities and Communications	13,790
Maintenance of General Property	20,127
Uncollectible Accounts	2,994
Board of Commissioners	2,159
Total Administrative and General Expenses	<u>1,344,942</u>

TOTAL OPERATING EXPENSES - WATER	<u><u>\$ 4,317,776</u></u>
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See Independent Auditors' Report.

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF OPERATING EXPENSES - WASTEWATER
WATER AND LIGHT COMMISSION
For the Fiscal Year Ended June 30, 2017

OPERATING EXPENSES - WASTEWATER

Wastewater Treatment Plant Expenses	
Plant Labor	\$ 442,676
Supplies and Other Expenses	130,869
Power Purchased for Plant and Pumping Stations	287,667
Maintenance of Plant, Plant Equipment, and General Property	134,144
Total Wastewater Treatment Plant Expenses	<u>995,356</u>

Sewer Main Expenses	
Maintenance of Mains	198,469
Other Services	37,267
Sewer Tap Expense	8,740
Total Sewer Main Expenses	<u>244,476</u>

Customer Billing and Accounting Expenses	
Billing and Accounting	<u>96,648</u>

Administrative and General Expenses	
Employees' Welfare Expense and Pension	563,956
Salaries General Office Employees	156,767
General Insurance	80,805
Payroll Taxes	74,217
Special Services	16,440
Miscellaneous Expense	3,902
Uncollectible Accounts	2,450
Board of Commissioners	1,766
Total Administrative and General Expenses	<u>900,303</u>

TOTAL OPERATING EXPENSES - WASTEWATER	<u>\$ 2,236,783</u>
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See Independent Auditors' Report.

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF BONDED DEBT
June 30, 2017

Fiscal Year Ending	General Obligation Refunding Series 2009		General Obligation Refunding Series 2010A		General Obligation Series 2016A		Airport Revenue and Tax Refunding Series 2016B		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
6/30/2018	\$ 135,000	407,775	1,200,000	341,875	-	50,469	75,000	12,523	1,410,000	812,642
6/30/2019	1,285,000	403,387	180,000	305,875	-	50,469	80,000	10,648	1,545,000	770,379
6/30/2020	1,410,000	358,413	185,000	301,825	-	50,469	80,000	8,712	1,675,000	719,419
6/30/2021	1,455,000	305,537	200,000	297,200	-	50,469	80,000	6,776	1,735,000	659,982
6/30/2022	1,510,000	247,338	200,000	291,700	-	50,469	80,000	4,840	1,790,000	594,347
6/30/2023	1,550,000	192,600	205,000	285,700	-	50,469	80,000	2,904	1,835,000	531,673
6/30/2024	1,605,000	130,600	225,000	279,550	-	50,469	80,000	968	1,910,000	461,587
6/30/2025	1,660,000	66,400	240,000	272,800	70,000	49,419	-	-	1,970,000	388,619
6/30/2026	-	-	1,600,000	265,000	70,000	47,319	-	-	1,670,000	312,319
6/30/2027	-	-	1,625,000	201,000	75,000	45,144	-	-	1,700,000	246,144
6/30/2028	-	-	1,700,000	136,000	75,000	42,894	-	-	1,775,000	178,894
6/30/2029	-	-	1,700,000	68,000	75,000	40,644	-	-	1,775,000	108,644
6/30/2030	-	-	-	-	80,000	38,319	-	-	80,000	38,319
6/30/2031	-	-	-	-	80,000	35,919	-	-	80,000	35,919
6/30/2032	-	-	-	-	85,000	33,444	-	-	85,000	33,444
6/30/2033	-	-	-	-	85,000	30,894	-	-	85,000	30,894
6/30/2034	-	-	-	-	90,000	28,269	-	-	90,000	28,269
6/30/2035	-	-	-	-	95,000	25,494	-	-	95,000	25,494
6/30/2036	-	-	-	-	95,000	22,644	-	-	95,000	22,644
6/30/2037	-	-	-	-	100,000	19,594	-	-	100,000	19,594
6/30/2038	-	-	-	-	100,000	16,344	-	-	100,000	16,344
6/30/2039	-	-	-	-	105,000	13,013	-	-	105,000	13,013
6/30/2040	-	-	-	-	110,000	9,450	-	-	110,000	9,450
6/30/2041	-	-	-	-	110,000	5,738	-	-	110,000	5,738
6/30/2042	-	-	-	-	115,000	1,941	-	-	115,000	1,941
	<u>\$ 10,610,000</u>	<u>2,112,050</u>	<u>9,260,000</u>	<u>3,046,525</u>	<u>1,615,000</u>	<u>859,766</u>	<u>555,000</u>	<u>47,371</u>	<u>22,040,000</u>	<u>6,065,712</u>

See Independent Auditors' Report.

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF NOTES PAYABLE
June 30, 2017

Business-Type Activities

Fiscal Year Ending	TVA Unbilled Power	
	Principal	Interest
6/30/2018	\$ 120,000	-
6/30/2019	120,000	-
6/30/2020	120,000	-
6/30/2021	735,639	-
	<u>\$ 1,095,639</u>	<u>0</u>

See Independent Auditors' Report.

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF CHANGES IN TAXES RECEIVABLE
For the Fiscal Year Ended June 30, 2017

Year of Levy	Assessment	Rate	Total Levy	Balance Unpaid 7/1/2016	Levy	Collections	Releases, Adjustments, Penalty/Interest & Abatements	Balance Unpaid 6/30/2017
2017	\$ 427,915,049	2.22	\$ 9,501,967	\$ -	9,501,967	-	-	9,501,967
2016	418,099,088	2.22	9,477,100	9,477,100	-	(9,158,138)	27,090	346,052
2015	418,074,744	2.05	9,262,148	368,702	-	(304,079)	33,026	97,649
2014	403,172,357	2.05	8,550,811	93,914	-	(42,516)		51,398
2013	398,484,563	1.86	8,452,722	51,014	-	(14,625)	-	36,389
2012	432,199,169	1.86	8,323,179	28,666	-	(15,609)		13,057
2011	428,831,865	1.86	8,323,179	31,937	-	(12,534)	(19,403)	-
				<u>\$ 10,051,333</u>	<u>9,501,967</u>	<u>(9,547,501)</u>	<u>40,713</u>	<u>10,046,512</u>
Less: Allowance for Uncollectible								<u>(81,682)</u>
								<u>\$ 9,964,830</u>

All uncollected taxes for years prior to 2014 have been turned over to the Clerk and Master for collection.

See Independent Auditors' Report.

OTHER SUPPLEMENTAL INFORMATION
SECTION (UNAUDITED)

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF CUSTOMER AND RATE DATA (UNAUDITED)
LIGHT AND POWER SYSTEM
June 30, 2017

	<u>2017</u>	<u>2016</u>	<u>Increase</u>
Number of Customers Served in the Month of June	38,221	38,117	104

	<u>Customer Charge</u>	<u>Energy Charge (per kWh)</u>
Residential Rate -	\$ 16.34	\$ 0.09276

General Power Rate - Schedule GSA

Base Charges

A. This rate shall apply to the firm power requirements (where a customer's contract demand is 5,000 kW or less) for electric service to commercial, industrial, and governmental customers, and to institutional customers including, without limitation, churches, clubs, fraternities, orphanages, nursing homes, rooming or boarding houses, and like customers. This rate shall also apply to customers to whom service is not available under any other resale rate schedule.

1. If the higher of (i) the customer's currently effective contract demand, if any, or (ii) its highest billing demand during the latest 12-month period is not more than 50 kW:

Customer Charge: \$17.98 per delivery point per month

Energy Charge: \$0.106962 per kWh per month

2. If (a) the higher of (i) customer's currently effective contract demand or (ii) its highest billing demand during the latest 12-month period is greater than 50 kW but not more than 1,000 kW or (b) the customer's billing demand is less than 50 kW and its energy takings for any month during such period exceed 15,000 kWh:

Customer Charge: \$30.93 per delivery point per month

Demand Charge: First 50 kW of billing demand per month, no demand charge

Excess over 50 kW of billing demand per month, at \$13.10 per kW

Energy Charge: First 15,000 kWh per month at \$0.10990 per kWh

Additional kWh per month at \$0.06586 per kWh

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF CUSTOMER AND RATE DATA (UNAUDITED)
LIGHT AND POWER SYSTEM
June 30, 2017

Base Charges (Continued)

3. If (a) the higher of the customer's currently effective contract demand or (b) its highest billing demand during the latest 12-month period is greater than 1,000 kW but not more than 2,500 kW:

Customer Charge: \$206.20 per delivery point per month

Demand Charge: First 1,000 kW of billing demand per month at \$12.14 per kW
Additional kW of billing demand per month at \$12.25 per kW

Energy Charge: \$0.06835 per kWh per month

4. If (a) the higher of the customer's currently effective contract demand or (b) its highest billing demand during the latest 12-month period is greater than 2,500 kW but no more than 5,000 kW:

Customer Charge: \$335.07 per delivery point per month

Demand Charge: First 1,000 kW of billing demand per month at \$12.14 per kW
Additional kW of billing demand per month at \$12.25 per kW

Energy Charge: \$0.06835 per kWh per month

- B. This rate shall apply to the firm electric power requirements where a customer's currently effective contract demand is greater than 5,000 kW but not more than 15,000 kW.

Customer Charge: \$1,500 per delivery point per month

Demand Charge: \$19.92 per kW of billing demand per month, plus an additional \$19.92 per kW per month for each kW, if any, of the amount by which the customer's billing demand exceeds its contract demand

Energy Charge: \$0.04939 per kWh for up to 620 hours use of metered demand per month

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF CUSTOMER AND RATE DATA (UNAUDITED)
LIGHT AND POWER SYSTEM
June 30, 2017

Base Charges (Continued)

- C. This rate shall apply to the firm electric power requirements where a customer's currently effective contract demand is greater than 15,000 kW but not more than 25,000 kW.

Customer Charge:	\$1,500 per delivery point per month
Demand Charge:	\$19.41 per kW of billing demand per month, plus an additional \$19.41 per kW per month for each kW, if any, of the amount by which the customer's billing demand exceeds its contract demand
Energy Charge:	\$0.048796 per kWh for up to 620 hours use of metered demand per month

- D. This rate shall apply to the firm electric power requirements where a customer's currently effective contract demand is greater than 25,000 kW.

Customer Charge:	\$1,500 per delivery point per month
Demand Charge:	\$19.30 per kW of billing demand per month, plus an additional \$19.30 per kW per month for each kW, if any, of the amount by which the customer's billing demand exceeds its contract demand
Energy Charge:	\$0.04644 per kWh per month

See Independent Auditors' Report.

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF CUSTOMER AND RATE DATA (UNAUDITED)
WATER AND LIGHT COMMISSION
June 30, 2017

	Customers	
	Water	Wastewater
June 30, 2017	9,996	7,210
June 30, 2016	9,950	7,211
	<u>46</u>	<u>(1)</u>

The following is a schedule of water rates inside the city:

	<u>Metered Rates</u>	
Service Fee Per Month	\$	8.50
First 1,000 cubic feet	1.30	per 100 cubic feet
Next 1,000 cubic feet	1.25	per 100 cubic feet
All over 2,000 cubic feet	1.20	per 100 cubic feet

Sewer customers are charged a service fee of 9.50 plus 3.25 per 100 cubic feet of water usage. Industrial water surcharges based on concentration and volume are assessed certain commercial customers.

Customers outside the city are charged an additional 100% of the basic water and sewer rates. These water and sewer rates went into effect July 1, 2015.

All bills are subject to a 10% penalty if not paid within ten days after the due date, except that commercial users, accustomed to paying at regular intervals, are allowed to pay the net bill after the penalty dates.

See Independent Auditors' Report.

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF UNACCOUNTED FOR WATER (UNAUDITED)
WATER AND LIGHT COMMISSION
June 30, 2017

AWWA Free Water Audit Software:
Reporting Worksheet

WAS v5.0
 American Water Works Association
 Copyright © 2014. All Rights Reserved.

Water Audit Report for: **Greenville Water Commission**
 Reporting Year: **2017** **7/2016 - 6/2017**

Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (n/a or 1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grades.

All volumes to be entered as: MILLION GALLONS (US) PER YEAR

To select the correct data grading for each input, determine the highest grade where the utility meets or exceeds all criteria for that grade and all grades below it.

WATER SUPPLIED

Volume from own sources: MG/Yr
 Water imported: MG/Yr
 Water exported: MG/Yr

WATER SUPPLIED: MG/Yr

Master Meter and Supply Error Adjustments

Point: Value: MG/Yr
 Enter negative % or value for under-registration
 Enter positive % or value for over-registration

AUTHORIZED CONSUMPTION

Billed metered: MG/Yr
 Billed unmetered: MG/Yr
 Unbilled metered: MG/Yr
 Unbilled unmetered: MG/Yr

Default option selected for Unbilled unmetered - a grading of 6 is applied but not displayed

AUTHORIZED CONSUMPTION: MG/Yr

WATER LOSSES (Water Supplied - Authorized Consumption) MG/Yr

Apparent Losses

Unauthorized consumption: MG/Yr
 Default option selected for unauthorized consumption - a grading of 6 is applied but not displayed

Customer metering inaccuracies: MG/Yr
 Systematic data handling errors: MG/Yr

Default option selected for Systematic data handling errors - a grading of 6 is applied but not displayed

Apparent Losses: MG/Yr

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: MG/Yr

WATER LOSSES: MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains: miles
 Number of active AND inactive service connections:
 Service connection density: conn./mile main

Are customer meters typically located at the curbside or property line? (length of service line, beyond the property boundary, that is the responsibility of the utility)

Average length of customer service line: (length of service line, beyond the property boundary, that is the responsibility of the utility)

Average length of customer service line has been set to zero and a data grading score of 10 has been applied

Average operating pressure: psi

COST DATA

Total annual cost of operating water system: \$/year
 Customer retail unit cost (applied to Apparent Losses): \$/1000 gallons (US)
 Variable production cost (applied to Real Losses): \$/million gallons ☐ Use Customer Retail Unit Cost to value real losses

WATER AUDIT DATA VALIDITY SCORE

*** YOUR SCORE IS: 92 out of 100 ***

A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score

PRIORITY AREAS FOR ATTENTION:

Based on the information provided, audit accuracy can be improved by addressing the following components:

- 1: Unauthorized consumption
- 2: Systematic data handling errors
- 3: Customer metering inaccuracies

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF UNACCOUNTED FOR WATER (UNAUDITED)
WATER AND LIGHT COMMISSION
June 30, 2017

AWWA Free Water Audit Software: System Attributes and Performance Indicators		WAS v5.0 American Water Works Association. Copyright © 2014, All Rights Reserved.												
Water Audit Report for: Greenville Water Commission Reporting Year: 2017 7/2016 - 6/2017														
*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 92 out of 100 ***														
System Attributes:														
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 40%;">Apparent Losses:</td> <td style="width: 20%; border: 1px solid black; text-align: right;">142.564</td> <td style="width: 40%; font-size: small;">MG/Yr</td> </tr> <tr> <td>+</td> <td>Real Losses:</td> <td style="border: 1px solid black; text-align: right;">361.439</td> </tr> <tr> <td>=</td> <td>Water Losses:</td> <td style="border: 1px solid black; text-align: right;">504.003</td> </tr> </table>			Apparent Losses:	142.564	MG/Yr	+	Real Losses:	361.439	=	Water Losses:	504.003			
Apparent Losses:	142.564	MG/Yr												
+	Real Losses:	361.439												
=	Water Losses:	504.003												
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 40%;"> <input type="checkbox"/> Unavoidable Annual Real Losses (UARL): </td> <td style="width: 20%; border: 1px solid black; text-align: right;">85.15</td> <td style="width: 40%; font-size: small;">MG/Yr</td> </tr> <tr> <td>Annual cost of Apparent Losses:</td> <td style="border: 1px solid black; text-align: right;">\$256,615</td> <td></td> </tr> <tr> <td>Annual cost of Real Losses:</td> <td style="border: 1px solid black; text-align: right;">\$520</td> <td style="font-size: small;">Valued at Variable Production Cost Return to Reporting Worksheet to change this assumption</td> </tr> </table>			<input type="checkbox"/> Unavoidable Annual Real Losses (UARL):	85.15	MG/Yr	Annual cost of Apparent Losses:	\$256,615		Annual cost of Real Losses:	\$520	Valued at Variable Production Cost Return to Reporting Worksheet to change this assumption			
<input type="checkbox"/> Unavoidable Annual Real Losses (UARL):	85.15	MG/Yr												
Annual cost of Apparent Losses:	\$256,615													
Annual cost of Real Losses:	\$520	Valued at Variable Production Cost Return to Reporting Worksheet to change this assumption												
Performance Indicators:														
Financial:	{	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Non-revenue water as percent by volume of Water Supplied:</td> <td style="width: 20%; border: 1px solid black; text-align: right;">19.7%</td> <td style="width: 20%;"></td> </tr> <tr> <td>Non-revenue water as percent by cost of operating system:</td> <td style="border: 1px solid black; text-align: right;">6.0%</td> <td style="font-size: small;">Real Losses valued at Variable Production Cost</td> </tr> </table>	Non-revenue water as percent by volume of Water Supplied:	19.7%		Non-revenue water as percent by cost of operating system:	6.0%	Real Losses valued at Variable Production Cost						
Non-revenue water as percent by volume of Water Supplied:	19.7%													
Non-revenue water as percent by cost of operating system:	6.0%	Real Losses valued at Variable Production Cost												
Operational Efficiency:	{	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Apparent Losses per service connection per day:</td> <td style="width: 20%; border: 1px solid black; text-align: right;">35.50</td> <td style="width: 20%; font-size: small;">gallons/connection/day</td> </tr> <tr> <td>Real Losses per service connection per day:</td> <td style="border: 1px solid black; text-align: right;">90.01</td> <td style="font-size: small;">gallons/connection/day</td> </tr> <tr> <td>Real Losses per length of main per day*:</td> <td style="border: 1px solid black; text-align: right;">N/A</td> <td></td> </tr> <tr> <td>Real Losses per service connection per day per psi pressure:</td> <td style="border: 1px solid black; text-align: right;">1.29</td> <td style="font-size: small;">gallons/connection/day/psi</td> </tr> </table>	Apparent Losses per service connection per day:	35.50	gallons/connection/day	Real Losses per service connection per day:	90.01	gallons/connection/day	Real Losses per length of main per day*:	N/A		Real Losses per service connection per day per psi pressure:	1.29	gallons/connection/day/psi
Apparent Losses per service connection per day:	35.50	gallons/connection/day												
Real Losses per service connection per day:	90.01	gallons/connection/day												
Real Losses per length of main per day*:	N/A													
Real Losses per service connection per day per psi pressure:	1.29	gallons/connection/day/psi												
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">From Above, Real Losses = Current Annual Real Losses (CARL):</td> <td style="width: 20%; border: 1px solid black; text-align: right;">361.44</td> <td style="width: 20%; font-size: small;">million gallons/year</td> </tr> <tr> <td><input type="checkbox"/> Infrastructure Leakage Index (ILI) [CARL/UARL]:</td> <td style="border: 1px solid black; text-align: right;">4.24</td> <td></td> </tr> </table>			From Above, Real Losses = Current Annual Real Losses (CARL):	361.44	million gallons/year	<input type="checkbox"/> Infrastructure Leakage Index (ILI) [CARL/UARL]:	4.24							
From Above, Real Losses = Current Annual Real Losses (CARL):	361.44	million gallons/year												
<input type="checkbox"/> Infrastructure Leakage Index (ILI) [CARL/UARL]:	4.24													
* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline														

See Independent Auditors' Report.

**INTERNAL CONTROL AND
COMPLIANCE SECTION**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor, Board of Aldermen,
Recorder, and City Administrator
Town of Greeneville, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Greeneville, Tennessee (the Town) as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated March 23, 2018.

Our report includes a reference to other auditors who audited the financial statements of the Town of Greeneville Board of Education, Greeneville Light and Power System, and Greeneville Water and Light Commission, as described in our report on the Town of Greeneville, Tennessee's financial statements. This report includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those auditors. However, this report insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Blackburn, Childers & Steagall, PLC

BLACKBURN, CHILDERS & STEAGALL, PLC
Johnson City, Tennessee

March 23, 2018

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Mayor, Board of Aldermen,
Recorder, and City Administrator
Town of Greeneville, Tennessee

Report on Compliance for Each Major Federal Program

We have audited the Town of Greeneville, Tennessee's (the Town) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the fiscal year ended June 30, 2017. The Town's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The Town's basic financial statements include the operations of the Town of Greeneville Board of Education, Greeneville Light and Power System, and Greeneville Water and Light Commission, which received federal awards as included in the Town's schedule of expenditures of federal awards during the year ended June 30, 2017. Our audit, described below, did not include the operations of these operating units because the operating units engaged other auditors to perform an audit of compliance.

Our report includes a reference to other auditors who audited the financial statements of the Town of Greeneville Board of Education, Greeneville Light and Power System, and Greeneville Water and Light Commission, as described in our report on the Town of Greeneville, Tennessee's financial statements. This report includes our consideration of the results of the other auditors' testing of compliance for each major program and on internal control over compliance that are reported on separately by those auditors. However, this report insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Town of Greeneville, Tennessee
Independent Auditors' Report on
Compliance for Each Major Program

Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit and the audit of the other auditors provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on Each Major Federal Program

In our opinion, based on our audit and the report of the other auditors, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2017.

Report on Internal Control over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Town of Greeneville, Tennessee
Independent Auditors' Report on
Compliance for Each Major Program

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Blackburn, Childers & Steagall, PLC

BLACKBURN, CHILDERS & STEAGALL, PLC
Johnson City, Tennessee

March 23, 2018

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2017

Financial Statement Findings

None reported.

Federal Award Findings and Questioned Costs

None reported.

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2017

SECTION I - SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Greeneville, Tennessee (the Town). We did not audit the financial statements of the Greeneville Board of Education, Greeneville Light and Power System, or Greeneville Water and Light Commission. The financial statements of the Greeneville Board of Education represent 18%, 18%, and 49%, respectively, of the assets, fund balance and revenues of the governmental funds. The Greeneville Light and Power System and the Greeneville Water and Light Commission represent 100% of the total business-type activities of the Town of Greeneville, Tennessee. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the governmental and business-type activities columns, is based on the reports of the other auditors.
2. No material weaknesses in internal control were disclosed in the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the Town, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No material weaknesses in internal control over major programs were disclosed by the audit.
5. The auditors' report on compliance for the major federal award programs for the Town expresses an unmodified opinion on all major federal programs.
6. There were no audit findings with a direct and material effect relative to the major federal award programs for the Town that are required to be disclosed in accordance with Title 2 U.S. *Code of Federal Regulations* section 200.516(a) of the Uniform Guidance.
7. The programs tested as major programs include the following, which includes the Board of Education programs tested by the other auditors:

<u>Program</u>	<u>CFDA Number</u>
Child Nutrition Cluster	10.553 and 10.555
Planning and Construction - Fairgrounds Connector Road	20.205
Section 1033 Excess Property Program (LESO)	12.U01
8. The threshold for distinguishing Types A and B Programs was \$750,000.
9. The Town of Greeneville was determined to not be a low-risk auditee.

**TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2017**

SECTION II - FINANCIAL STATEMENT FINDINGS

Current Year Findings

None Reported.

Prior Year Findings Implemented

None Reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None Reported.